

The Sustainable Livelihood Approach to Poverty Reduction

An Introduction

By Lasse Krantz

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Executive Summary

The concept of Sustainable Livelihood (SL) is an attempt to go beyond the conventional definitions and approaches to poverty eradication. These had been found to be too narrow because they focused only on certain aspects or manifestations of poverty, such as low income, or did not consider other vital aspects of poverty such as vulnerability and social exclusion. It is now recognized that more attention must be paid to the various factors and processes which either constrain or enhance poor people's ability to make a living in an economically, ecologically, and socially sustainable manner. The SL concept offers a more coherent and integrated approach to poverty.

The sustainable livelihoods idea was first introduced by the Brundtland Commission on Environment and Development, and the 1992 United Nations Conference on Environment and Development expanded the concept, advocating for the achievement of sustainable livelihoods as a broad goal for poverty eradication.

In 1992 Robert Chambers and Gordon Conway proposed the following composite definition of a sustainable rural livelihood, which is applied most commonly at the household level:

A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living; a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term.

Of the various components of a livelihood, the most complex is the portfolio of assets out of which people construct their living, which includes both tangible assets and resources, and intangible assets such as claims and access. Any definition of livelihood sustainability, the authors argued, has to include the ability to avoid, or more usually to withstand and recover from, such stresses and shocks.

More recently the Institute for Development Studies (IDS) and the British Department for International Development (DFID) have been putting into operation the SL concept and approach. Leading proponent Ian Scoones of IDS proposed a modified definition of SL:

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, maintain or enhance its capabilities and assets, while not undermining the natural resource base.

This new definition does not include the requirement that for livelihoods to be considered sustainable they should also '...contribute net benefits to other livelihoods'. With some minor changes this is also the definition adopted by DFID. The IDS team also outlined a tentative framework to analyse sustainable rural livelihoods. It has three elements: Livelihood

resources, Livelihood strategies, and Institutional processes and organizational structures.

To understand the complex and differentiated processes through which livelihoods are constructed, Scoones points out, it is insufficient just to analyse the different aspects; one must also analyse the institutional processes and organizational structures that link these various elements together. To do this, it is essential that SL analyses fully involve the local people to let their knowledge, perceptions, and interests be heard.

The SL Approach

There are three insights into poverty which underpin this new approach. The first is the realization that while economic growth may be essential for poverty reduction, there is not an automatic relationship between the two since it all depends on the capabilities of the poor to take advantage of expanding economic opportunities.

Secondly, there is the realization that poverty — as conceived by the poor themselves — is not just a question of low income, but also includes other dimensions such as bad health, illiteracy, lack of social services, etc., as well as a state of vulnerability and feelings of powerlessness in general.

Finally, it is now recognized that the poor themselves often know their situation and needs best and must therefore be involved in the design of policies and project intended to better their lot.

There is no unified approach to applying the SL concept. Depending on the agency it can be used primarily as an analytical framework (or tool) for programme planning and assessment or as a programme in itself. There are, however, three basic features common to most approaches. The first is that the focus is on the livelihoods of the poor. The second is that the approach rejects the standard procedure of conventional approaches of taking as an entry point a specific sector such as agriculture, water, or health. And finally, the SL approach places great emphasis on involving people in both the identification and the implementation of activities where appropriate.

In many ways the SL approach is similar to the old Integrated Rural Development approach. The crucial difference is that the SL approach does not necessarily aim to address all aspects of the livelihoods of the poor. The intention is rather to employ a holistic perspective in the analysis of livelihoods to identify those issues of subject areas where an intervention could be *strategically important* for effective poverty reduction, either at the local level or at the policy level.

SL approaches compared: UNDP, CARE, DFID

These three agencies use the SL approach slightly differently.

UNDP For UNDP the SL approach serves primarily as a programming framework to devise a set of integrated support activities to improve the sustainability of livelihoods among poor and vulnerable groups by strengthening the resilience of their coping and adaptive strategies. Although

this is in principle an open-ended process, certain emphasis is given to the introduction of improved technologies as well as social and economic investments. Policy and governance issues as they impinge on people's livelihoods are addressed. The various support activities are organized as specific SL programmes, usually implemented at a district level with ramifications at the community and household level.

CARE CARE's organizational mandate as an international NGO is to focus its programmes on helping the poorest and most vulnerable, either through regular development programmes or through relief work. Since 1994 CARE has used Household Livelihood Security (HLS) as a framework for programme analysis, design, monitoring, and evaluation. The concept of HLS derives from the classic definition of livelihoods developed by Chambers and Conway (1992), which embodies three fundamental attributes: the possession of human capabilities (such as education, skills, health, psychological orientation); access to tangible and intangible assets; and the existence of economic activities. The interaction between these three attributes defines what livelihood strategy a household will pursue. CARE puts particular emphasis on strengthening the capability of poor people to enable them to take initiatives to secure their own livelihoods. It therefore stresses empowerment as a fundamental dimension of its approach.

DFID In 1997 DFID affirmed its overriding aim of 'eradicating poverty'. One of the three specific objectives designed to achieve this aim is a commitment to 'policies and actions that promote sustainable livelihoods' (Carney et al., 1999). DFID's definition follows the one developed by IDS and which in turn is a modified version of the original definition elaborated by Chambers and Conway:

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 or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

DFID's SL approach aims to increase the agency's effectiveness in poverty reduction in two main ways: the first is by mainstreaming a set of core principles which determine that poverty-focused development activity should be people-centred, responsive and participatory, multi-level, conducted in partnership, sustainable, and dynamic. The second is by applying a holistic perspective in the programming of support activities, to ensure that these correspond to issues or areas of direct relevance for improving poor people's livelihoods. A central element of DFID's approach is the SL Framework, an analytical structure to facilitate a broad and systematic understanding of the various factors that constrain or enhance livelihood opportunities, and to show how they relate to each other.

Comparing agencies

All three agencies use the SL approach as a strategy towards poverty alleviation. They also use similar definitions of what constitutes sustainable livelihoods. However UNDP and CARE use it to facilitate the planning of

concrete projects and programmes, while for DFID the SL approach is more of a basic framework for analysis than a procedure for programming.

In addition CARE supports household livelihood security primarily at community level. UNDP and DFID work at community level, but also emphasize that tackling enabling policy environments, macro-economic reforms, and legislation is equally important for effective poverty reduction.

Strengths and weaknesses of the SL approach

By drawing attention to the multiplicity of assets that people make use of when constructing their livelihoods, the SL Approach produces a more holistic view on what resources, or combination of resources, are important to the poor, including not only physical and natural resources, but also their social and human capital.

The approach also facilitates an understanding of the underlying causes of poverty by focusing on the variety of factors, at different levels, that directly or indirectly determine or constrain poor people's access to resources/assets of different kinds, and thus their livelihoods.

Finally, it provides a more realistic framework for assessing the direct and indirect effects on people's living conditions than, for example, one-dimensional productivity or income criteria.

There are also some weaknesses.

None of the SL Approaches discussed here really deal with the issue of how to identify the poor that you are trying to assist. Also, the way resources and other livelihood opportunities are distributed locally is often influenced by informal structures of social dominance and power within the communities themselves. UNDP and CARE do not address this issue, but DFID includes power relations as one aspect of 'transforming processes' to be examined. Gender is an aspect of social relations and to the extent that relations between men and women are characterized by marked inequality and social domination, they obviously form part of the problem. All three agencies give at least some consideration to gender, but the difficulties of genuinely giving the appropriate time and space to women is not really addressed.

The basic idea of the SL approach is to start with a broad and open-ended analysis, but this requires a highly flexible planning situation which rarely exists. The best hope is to ensure that already identified/decided sector development initiatives fit with people's livelihood strategies and make them better at responding to the constraints and opportunities affecting the poor. The SL approach, or elements of it, could usefully be employed to that end.

Finally, the SL approach, if applied consistently, might be beyond the practical realities of many local development administrations, with the risk that this approach remains an initiative of donors and their consultants. One measure to counteract this would be to ensure that counterpart staff are involved from the beginning when discussing how and if such a strategy

should be applied, and to train them to use the approach, and/or start with a simplified version of the approach.

The SL approach and Sida

Sida has adopted an action programme to promote sustainable livelihoods for the poor, which, in many respects, builds on principles similar to those of the SL approach. The programme document states that raising quality of life is not a matter simply of improving the incomes of the poor. Most of all, it means increasing people's capacity to provide for themselves and lift themselves out of poverty. To that end, complementary action is required in different sectors and at multiple levels. All projects need to define their target and participant groups and show what impact they will have on poverty. Target-group oriented programmes and projects will, in addition, seek to engage the active participation of the poor communities that they are working with in their local planning. Follow-up studies will investigate impact on poverty and changes in income distribution. The impact of any programmes on poverty should be taken into account when Sida's development assistance is evaluated.

1. Background

The concept of Sustainable Livelihood (SL) is an attempt to go beyond the conventional definitions and approaches to poverty eradication. These had been found to be too narrow because they focused only on certain aspects or manifestations of poverty, such as low income, or did not consider other vital aspects of poverty such as vulnerability and social exclusion. It is now recognized that more attention must be paid to the various factors and processes which either constrain or enhance poor people's ability to make a living in an economically, ecologically, and socially sustainable manner. The SL concept offers the prospects of a more coherent and integrated approach to poverty.

The purpose of this paper is to introduce the SL concept and approach to poverty reduction. It was commissioned by Sida to facilitate a discussion of the applicability of the approach within Swedish development co-operation. The paper begins by outlining some of the conceptual issues of the SL concept, followed by a summary of how the concept has been put to practical use by some leading international development agencies. The final section is a critical discussion of the strengths and weaknesses of the SL approach which identifies some major issues for further discussion within Sida.

2. What is meant by Sustainable Livelihoods?

The sustainable livelihoods idea was first introduced by the Brundtland Commission on Environment and Development as a way of linking socioeconomic and ecological considerations in a cohesive, policy-relevant structure. The 1992 United Nations Conference on Environment and Development (UNCED) expanded the concept, especially in the context of Agenda 21, and advocated for the achievement of sustainable livelihoods as a broad goal for poverty eradication. It stated that sustainable livelihoods could serve as 'an integrating factor that allows policies to address 'development, sustainable resource management, and poverty eradication simultaneously'.¹

Most of the discussion on SL so far has focused on rural areas and situations where people are farmers or make a living from some kind of primary self-managed production. In a classic 1992 paper, *Sustainable Rural Livelihoods: Practical concepts for the 21st Century*, Robert Chambers and Gordon Conway proposed the following composite definition of a sustainable rural livelihood:

A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living; a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term.

¹ UNDP. **Promoting Sustainable Livelihoods: A Briefing Note Submitted to the Executive Committee**, June 4, 1997

While the definition of a livelihood can be applied to different hierarchical levels, the authors stressed that it is used most commonly at the household level. Even then it is also important to recognize variations in wellbeing and access at an individual or intra-household level, as well as at the broader levels of the extended family, the social group, and the community.

Of the various components of a livelihood, the most complex is the portfolio of assets out of which people construct their living. This portfolio includes tangible assets such as stores (e.g., food stocks, stores of value such as gold, jewellery, cash savings) and resources (e.g., land, water, trees, livestock, farm equipment), as well as intangible assets such as claims (i.e., demands and appeals which can be made for material, moral or other practical support) and access, which is the opportunity in practice to use a resource, store or service or to obtain information, material, technology, employment, food or income (ibid., page 11).

A distinction is made between *environmental* sustainability, which refers to the external impact of a livelihood on other livelihoods, that is its effects on local and global resources and other assets, and *social* sustainability, which concerns the internal capacity of a livelihood to withstand outside pressure, that is to cope with stress and shocks and retain its ability to continue and improve over time. Stresses are defined as pressures which are typically continuous and cumulative and therefore to some extent predictable, such as seasonal shortages, rising populations or declining resources, while shocks are impacts which are typically sudden, unpredictable and traumatic, such as fires, floods and epidemics. Any definition of livelihood sustainability, the authors argued, has to include the ability to avoid, or more usually to withstand and recover from, such stresses and shocks (ibid., page 14).

This seminal paper by Chambers and Conway had the great merit of clarifying the concept of sustainable livelihoods and its constituent parts. Their treatment of the subject was rather general, however, and since then much effort has gone into refining the SL concept further, both analytically and operationally. Particularly significant in this context are both the contributions made by researchers connected to the SL Research Programme of the Institute for Development Studies (IDS) at the University of Sussex, Brighton, UK, and the work within the British Department for International Development (DFID) of operationalizing the SL concept and approach, building upon the definitions and conceptual elaborations of IDS but modifying them according to its own practical needs.

DFID's approach will be discussed in more detail in a later section. This section summarizes some of the proposals and observations of IDS research on the theme, as discussed by one of its leading proponents, Ian Scoones, in an influential report (Scoones 1998).

Firstly, the IDS team proposed a somewhat modified definition of SL:

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, maintain or enhance its capabilities and assets, while not undermining the natural resource base

The main difference between this definition and the earlier one elaborated by Chambers and Conway is that it does not include the requirement that for livelihoods to be considered sustainable they should also ‘...contribute net benefits to other livelihoods’. In this sense the IDS version is less demanding but, presumably, more realistic. It should be noted that, with some minor changes, this is also the definition of SL adopted by DFID (see later).

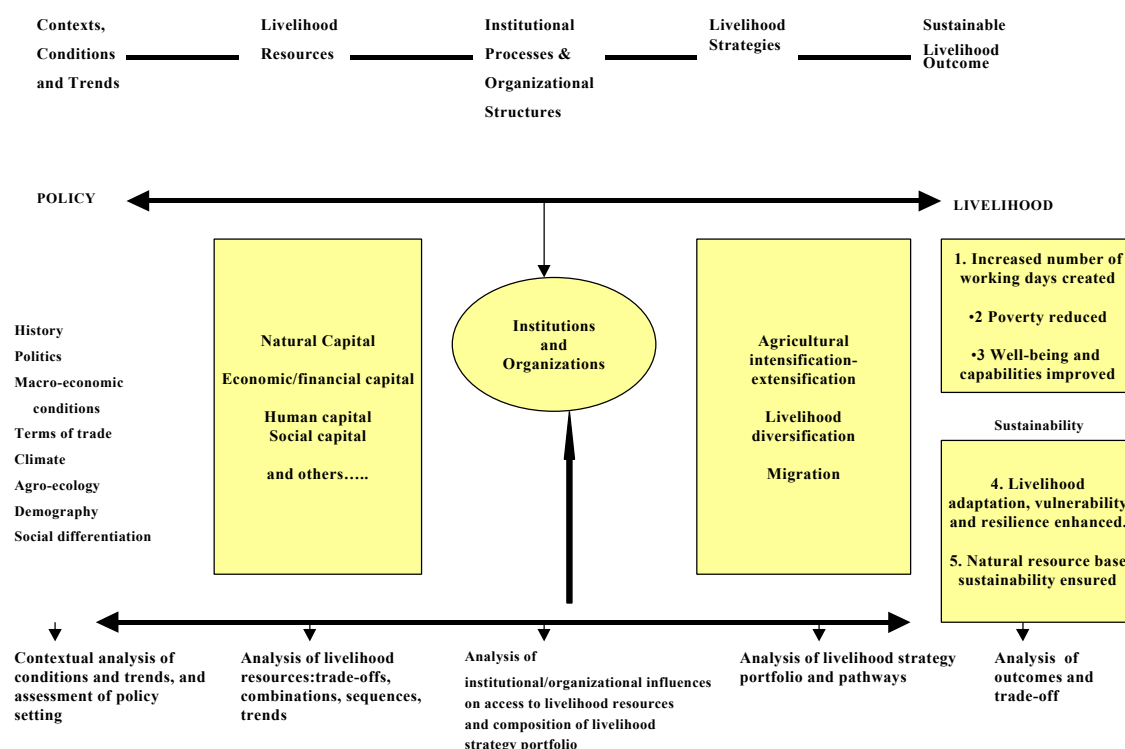


Figure 1: The Sustainable Livelihood Framework (Scoones 1998:4)

Figure. 1. Sustainable rural livelihoods: A framework for analysis

Another important contribution of the IDS team was to outline a tentative framework to analyse sustainable rural livelihoods (Figure 1) which, in a sense, could be seen as the precursor to other similar ‘SL frameworks’ used by, for example, DFID and CARE (see below). The report by Scoones elaborated especially on three of the elements of this framework: Livelihood Resources, Livelihood Strategies, and Institutional Processes and Organizational Studies.

Livelihood Resources — the basic material and social, tangible, and intangible assets that people use for constructing their livelihoods — are conceptualized as different types of ‘capital’ to stress their role as a resource base ‘...from which different productive streams are derived from which livelihoods are constructed’ (Scoones 1998:7). Four types of capital are identified in the IDS framework (which does not pretend to be an exhaustive list):

- Natural capital – the natural resource stocks (soil, water, air, genetic resources, etc.) and environmental services (hydrological cycle, pollution sinks, etc.) from which resource flows and services useful for livelihoods are derived.
- Economic or financial capital – the capital base (cash, credit/debt, savings, and other economic assets, including basic infrastructure and production equipment and technologies) which are essential for the pursuit of any livelihood strategy.
- Human capital – the skills, knowledge, ability to labour and good health and physical capability important for the successful pursuit of different livelihood strategies.
- Social capital – the social resources (networks, social claims, social relations, affiliations, associations) upon which people draw when pursuing different livelihood strategies requiring co-ordinated actions.²

Distinguishing between different types of ‘capital assets’ draws attention to the variety of resources, which are often used in combination, that people rely on for making a living. As Scoones explains, ‘...identifying what livelihood resources (or combinations of ‘capitals’) are required for different livelihood strategy combinations is a key step in the process of analysis’ (ibid., page 9).

Livelihood strategies themselves must also be subject to analysis, and they often consist of combinations of activities which Scoones calls ‘livelihood portfolios’. A portfolio may be highly specialized and concentrate on one or a few activities, or it may be quite diverse, so unravelling the factors behind a strategy combination is important.

Moreover, different ‘livelihood pathways’ may be pursued over seasons and between years as well as over longer periods, such as between generations, and will depend on variations in options, the stage at which the household is in its domestic cycle, or on more fundamental changes in local and external conditions. An historical approach is thus central to the analysis (ibid., page 10).

Finally, livelihood strategies frequently vary between individuals and households depending on differences in asset ownership, income levels, gender, age, caste, and social or political status. A socially differentiated analytical approach to livelihood strategies is thus necessary (ibid., page 11).

² These are basically similar to the capital assets that make up the livelihood asset ‘pentagon’ in DFID’s SL framework, although DFID makes financial and physical capitals two distinct categories. The phrasing of the definitions has also been modified a bit in the DFID version. For further details, see section 4.3 below.

To understand the complex and differentiated processes through which livelihoods are constructed, Scoones points out, it is insufficient just to analyse the different aspects of livelihood resources and strategies as separate elements. One must also analyse the institutional processes and organizational structures that link these various elements together.

A particularly important subject for investigation in this context is what Scoones refers to as ‘institutions’ defined as ‘...regularized practices (or patterns of behaviour) structured by rules and norms of society which have persistent and widespread use’. Institutions might be either formal or informal, are often fluid and ambiguous, and are frequently imbued with power. Such institutions, directly or indirectly, mediate access to livelihood resources which in turn affect livelihood strategy options and, ultimately, the scope for sustainable livelihood outcomes. An understanding of these institutions, their underlying social relationships, and the power dynamics embedded in these, is therefore vital (ibid., page 12).

While in theory it might be possible to identify the various dimensions and elements of what constitutes sustainable livelihoods, it is considerably more difficult to determine what the critical factors or constraints are in a real situation. This is partly because each situation is unique and therefore requires its own context-specific analysis, and partly because what constitutes a satisfactory or inadequate livelihood is subjective. It is therefore essential that SL analyses fully involve the local people to let their knowledge, perceptions, and interests be heard, a practice which is recognized by most analysts using this concept.³

3. The Sustainable Livelihoods approach to poverty

These various interpretations and elaborations of the SL concept have, in one way or another, inspired a number of development agencies to apply what is now becoming known as an SL approach to poverty reduction. This has emerged in response to negative experiences with conventional approaches to poverty reduction, but also as a result of recent findings regarding the nature and understanding of poverty.

Three factors shed light on why the SL approach has been applied to poverty reduction. The first is the realization that while economic growth may be essential for poverty reduction, there is no automatic relationship between the two since it all depends on the capabilities of the poor to take advantage of expanding economic opportunities. Thus, it is important to find out what precisely it is that prevents or constrains the poor from improving their lot in a given situation, so that support activities could be designed accordingly.

Secondly, there is the realization that poverty — as conceived by the poor themselves — is not just a question of low income, but also includes other dimensions such as bad health, illiteracy, lack of social services, etc., as well

³ This aspect is only incidentally touched upon in Scoones (1998), but is emphasized more by other IDS researchers, such as Chambers (1995) and Brock (1999).

as a state of vulnerability and feelings of powerlessness in general. Moreover, it is now realized that there are important links between different dimensions of poverty such that improvements in one have positive effects on another. Raising people's educational level may have positive effects on their health standards, which in turn may improve their production capacity. Reducing poor people's vulnerability in terms of exposure to risk may increase their propensity to engage in previously untested but more productive economic activities, and so on.

Finally, it is now recognized that the poor themselves often know their situation and needs best and must therefore be involved in the design of policies and projects intended to better their lot. Given a say in design, they are usually more committed to implementation. Thus, participation by the poor improves project performance.

Several international development agencies are now applying such a 'livelihoods approach' in their practical development work. As we shall see in the following section, however, it is difficult to talk of one unified approach since each agency has adopted a somewhat different version, ranging from seeing it primarily as an analytical framework (or tool) for programme planning and assessment, to a particular type of programme in itself.

There are, however, three basic features which most approaches have in common. The first is that the approach focuses on the livelihoods of the poor, since poverty reduction is at its core. The second is that it rejects the usual sectoral entry point (e.g. agriculture, water, or health) and instead begins with an analysis of people's current livelihood systems to identify an appropriate intervention. The final feature is its emphasis on involving people in the identification and implementation of activities where appropriate.

In many respects, the SL approach is reminiscent of the old Integrated Rural Development (IRD) approach, which was also broad and multisectoral. The crucial difference is that the SL approach does not necessarily aim to address all aspects of the livelihoods of the poor. The intention is rather to employ a holistic perspective in the analysis of livelihoods to identify those issues or subject areas where an intervention could be *strategically important* for effective poverty reduction, either at the local level or at the policy level. Some of its proponents have therefore likened it to an 'acupuncture' approach to development ('putting the needles in the right place').

4. SL approaches compared: UNDP, CARE, and DFID

This section summarizes how three development agencies — the United Nations Development Programme (UNDP), the international non-governmental organization CARE, and DFID — use an SL approach in their work. These three agencies were chosen because they each use the

approach slightly differently.⁴ The strategic orientation and methodological frameworks used by these agencies in their approaches to SL is analysed here, and examples of actual application by DIFD are discussed in Annex 1.

4.1 UNDP

The promotion of sustainable livelihoods is part of UNDP's overall Sustainable Human Development (SHD) mandate, adopted in 1995. The mandate includes: poverty eradication, employment and sustainable livelihoods, gender, protection and regeneration of the environment, and governance. The SL approach is one way of achieving poverty reduction, though there are also other strategies being pursued within the organization (e.g. macroeconomic growth, community development, community-based natural resource management, etc.).

As one of UNDP's corporate mandates, sustainable livelihoods offers both a conceptual and a programming framework for poverty reduction in a sustainable manner. Conceptually, 'livelihoods' denotes the means, activities, entitlements, and assets by which people make a living. Assets are defined as: natural/biological (land, water, common-property resources, flora, fauna), social (community, family, social networks), political (participation, empowerment – sometimes included in the 'social' category); human (education, labour, health, nutrition); physical (roads, clinics, markets, schools, bridges); and economic (jobs, savings, credit).

The sustainability of livelihoods becomes a function of how men and women use asset portfolios on both a short- and long-term basis. Sustainable livelihoods are those that are:

- able to cope with and recover from shocks and stresses through adaptive and coping strategies;
- economically effective;
- ecologically sound, ensuring that livelihood activities do not irreversibly degrade natural resources within a given ecosystem; and
- socially equitable, which suggests that promotion of livelihood opportunities for one group should not foreclose options for other groups, either now or in the future.

UNDP employs an asset-based approach, emphasizing the promotion of people's access to and sustainable use of the assets upon which they rely as central to poverty reduction. To that end it stresses the need to understand the coping and adaptive strategies pursued by men and women. Coping strategies are short-term responses to a specific shock such as drought, while adaptive strategies entail long-term change in behaviour patterns as a result of a shock or stress. Both are influenced by people's asset status but also have

⁴ A comparison of the livelihood approaches of these three agencies plus Oxfam has already been made in a recent paper by Carney et al. (1999), which has been used as the basis for this section and supplemented with other documents. Oxfam's SL approach is not included here because it was not possible to obtain information additional to that already described in the aforementioned paper.

implications for the composition of the assets themselves, which could be depleted or regenerated. Moreover, UNDP specifically focuses on the importance of technological improvements as a means to help people rise out of poverty. Other key emphases of the UNDP SL approach are that:

- the focus should be on people's strengths, as opposed to needs;
- policy (macro-micro links) and governance issues as they impinge on people's livelihoods should be taken into consideration and addressed through specific actions; and
- sustainability (as defined in the four bullet points above) is constantly assessed and supported.

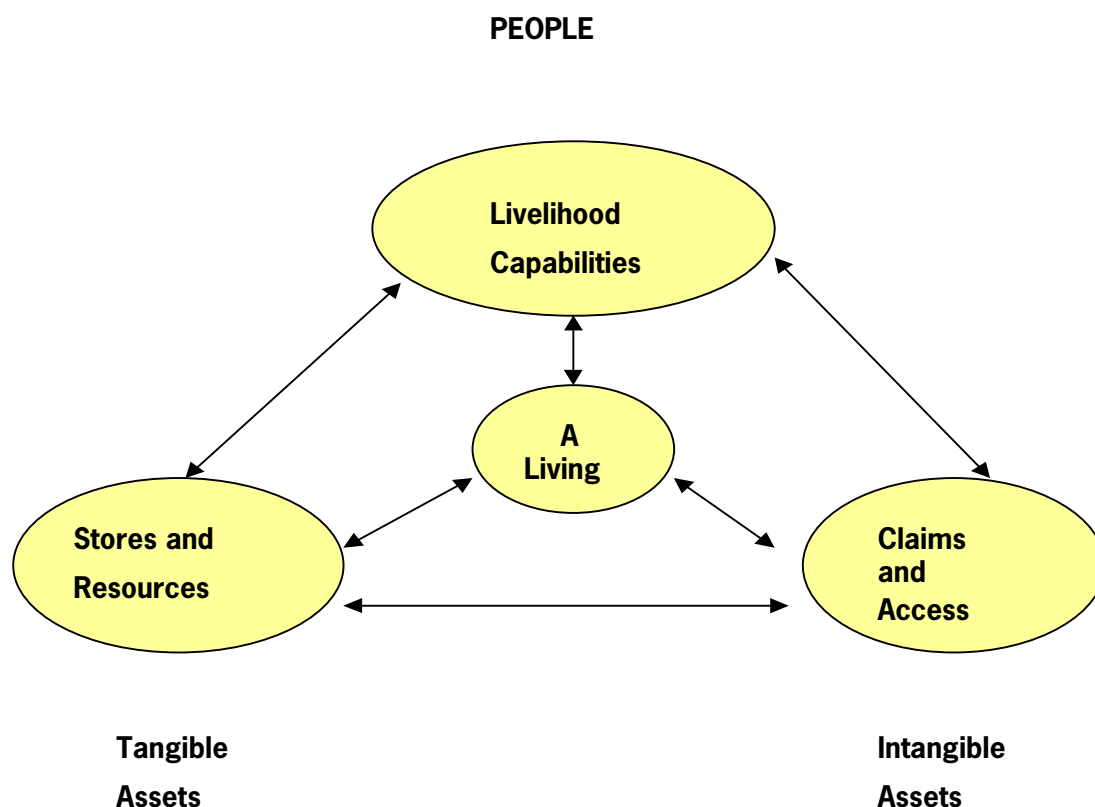
UNDP most often works at the national level and runs specific programmes and activities at district and village level. Ideally, the SL approach is first introduced in discussions with government counterparts at the national level through, for example, the Advisory Note and the Country Co-operation Framework, and is subsequently applied as a distinct approach in the programming cycle (often resulting in specific 'SL programmes'). To facilitate this process, UNDP has developed a methodology (or rather procedure) for the design, implementation, and evaluation of SL programmes consisting of five steps:

1. A participatory assessment is carried out of the risks, assets, and indigenous knowledge base found in a particular community as reflected in the coping and adaptive strategies pursued by men and women.
2. An analysis of the micro, macro, and sectoral policies that influence people's livelihood strategies.
3. An assessment and determination of the potential contributions of modern science and technology that complement indigenous knowledge systems in order to improve livelihoods.
4. An identification of the social and economic investment mechanisms (i.e., microfinance, expenditures on health and education) that help or hinder existing livelihood strategies.
5. An assurance that the first four stages are integrated in real time, so that this process is part of overall programme of development, rather than a series of isolated events.

For each step different methodological tools and guidelines have been developed. These include a manual for Participatory Assessment and Planning for SL (PAPSL); a programme support document template for SL to be used by UNDP country offices in their programming efforts; discussion papers on policy analysis and formulation for SL as well as on how indicators of SL can be developed; and a note on how gender aspects can be integrated into the five steps.

The logic and hierarchical order of these various elements of the approach are depicted in Figure 2.

Figure 2. UNDP's approach to promoting sustainable livelihoods



To summarize, for UNDP the SL approach serves primarily as a programming framework to devise a set of integrated support activities to improve the sustainability of livelihoods among poor and vulnerable groups by strengthening the resilience of their coping and adaptive strategies. Although this is in principle an open-ended process, certain emphasis is given to the introduction of improved technologies as well as social and economic investments. Also, policy and governance issues as they impinge on people's livelihoods are addressed. The various support activities are organized as specific SL programmes, usually implemented at a district level with ramifications at the community and household level.

4.2. CARE

CARE's organizational mandate as an international NGO is to focus its programmes on helping the poorest and most vulnerable, either through regular development programmes or through relief work. Since 1994 CARE has used what it refers to as Household Livelihood Security (HLS) as a framework for programme analysis, design, monitoring, and evaluation.

The concept of HLS derives from the classic definition of livelihoods developed by Chambers and Conway (1992), which embodies three fundamental attributes: the possession of human capabilities (such as education, skills, health, psychological orientation); access to tangible and

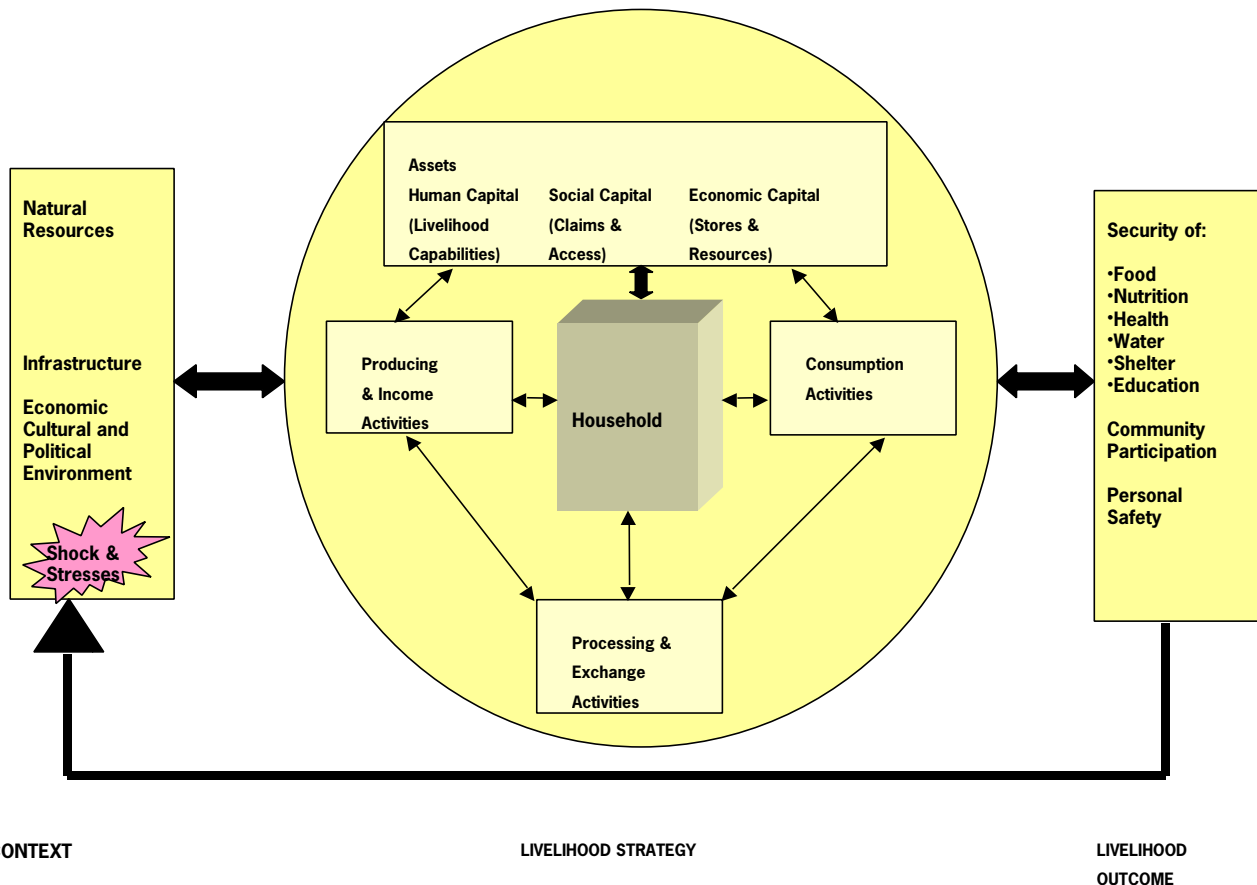
intangible assets; and the existence of economic activities. The interaction between these three attributes defines what livelihood strategy a household will pursue.

CARE's definition of household livelihood security emphasizes a capacity-building approach to development, and even relief activities, treating people more as active beings in constructing their own livelihoods than as passive recipients of external help. It has grown out of three major shifts in the internal development of the organization:

1. A shift of concern from regional and national food security to a concern with the food security and nutritional status of the household and the individual.
2. A shift from a 'food first' perspective to a livelihood perspective, which focuses not only on the production of food, but also on the ability of households and individuals to procure the additional food they require for an adequate diet.
3. A shift from a materialist perspective focused on food production to a social perspective which focuses on the enhancement of people's capabilities to secure their own livelihoods (Drinkwater and Rusinow, 1999).

Figure 3 on next page illustrates CARE's Livelihood Model. It centres around a household's livelihood strategy. The asset box, as depicted in the figure, includes the capabilities of household members, the assets and resources to which they have access, as well as their access to information or to influential others, and their ability to claim from relatives, the state, or other actors. In so doing, there is a realization that production and income activities are only a means to improving livelihoods and not an end in themselves. To evaluate what changes are taking place in the livelihood security status of households requires a monitoring focus on the consumption status and asset levels of household members (*ibid.*).

Figure 3. CARE's Livelihood Model



CARE seeks to operationalize its livelihood approach through a dynamic and interactive programming process which includes the following steps:

- identify potential geographic areas using secondary data to find where poverty is concentrated;
- identify vulnerable groups and the livelihood constraints that they face;
- collect analytical data (guided by CARE's overall livelihood model), taking note of trends over time and identifying the indicators that will be monitored; and
- select the set of communities for programme interventions. (Carney et al., 1999).

Over the past five years, Rapid and Participatory Livelihood Security Assessments (RLSA or PLA) have become a major tool for the collection and analysis of information at the community level. The main purpose of these participatory assessments is to understand the nature of livelihood strategies of different categories of households (social differentiation), their levels of livelihood security, and the principle constraints and opportunities to address through programming. This information is also disaggregated by gender and generation (Frankenberger et al., 2000).

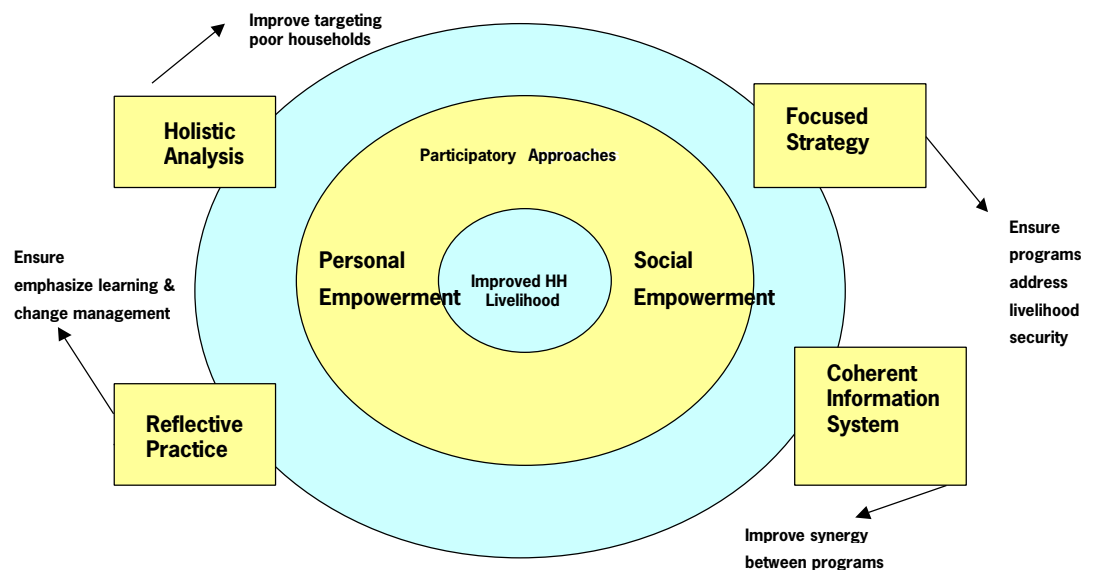
As mentioned, CARE puts particular emphasis on strengthening the capability of poor people to enable them to take initiatives to secure their

own livelihoods. It therefore stresses empowerment as a fundamental dimension of its approach. Two levels of empowerment are distinguished:

- **Personal empowerment**, which refers to enhancing people’s confidence and skills (i.e. their human capital) to overcome constraints, principally in the economic sphere. This may include the formation of mutual support and interest groups to commence savings activities, to improve existing income-generating activities, or to identify and start-up more profitable new activities. Addressing gender relations within both the household and community may be an essential part of the strategy.
- **Social empowerment**, which refers to the establishment and/or strengthening of existing, representative, community-based organizations to build up the capacity for community members to plan and implement priority development activities which emerge from participatory needs assessments, and in so doing, to provide communities with the means to develop their own principles and structures of democratic representation and governance (Drinkwater and Rusinow, 1999).

The basic principles of CARE’s programming process for livelihoods projects are illustrated in Figure 4.

Figure 4. CARE’s programming principles for livelihood projects



4.3. DFID

The adoption of a livelihood approach within DFID resulted from the publication of the 1997 UK Government White Paper on International Development, where it was affirmed that the overriding aim of DFID is the elimination of poverty in poorer countries. One of the three specific

objectives designed to achieve this aim is a commitment to ‘policies and actions which promote sustainable livelihoods’ (Carney et al., 1999).

DFID’s definition of sustainable livelihood follows the one developed by IDS and which in turn is a modified version of the original definition elaborated by Chambers and Conway:

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 or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

The objective of DFID’s SL approach is to increase the agency’s effectiveness in poverty reduction by seeking to mainstream a set of core principles and a holistic perspective in the programming of support activities to ensure that these correspond to issues or areas of direct relevance for improving poor people’s livelihoods.

The core principles underpinning the approach are listed in Box 1. These can be applied to any type of development activity and are meant to permeate all of DFID’s work.

Box 1. DFID’s core SL principles

Poverty-focused development activity should be:

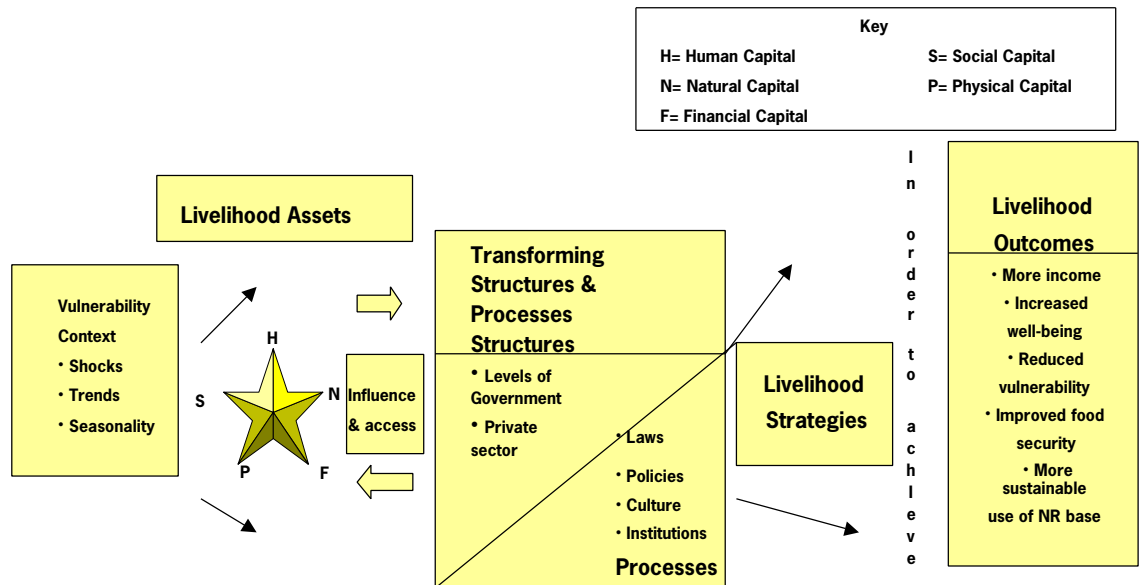
- **People-centred:** sustainable poverty elimination will be achieved only if external support focuses on what matters to people, understands the difference between groups of people, and works with them in a way that is congruent with their current livelihood strategies, social environment, and ability to adapt.
- **Responsive and participatory:** poor people themselves must be key actors in identifying and addressing livelihood priorities. Outsiders need processes that enable them to listen and respond to the poor.
- **Multi-level:** poverty elimination is an enormous challenge that will only be overcome by working at multiple levels, ensuring that micro-level activity informs the development of policy and an effective enabling environment, and that macro-level structures and processes support people to build upon their own strengths.
- **Conducted in partnership:** with both the public and the private sector.
- **Sustainable:** there are four key dimensions to sustainability – economic, institutional, social and environmental sustainability. All are important – a balance must be found between them.
- **Dynamic:** external support must recognize the dynamic nature of livelihood strategies, respond flexibly to changes in people’s situation, and develop longer term commitments.

SL approaches must be underpinned by a **commitment to poverty eradication**. Although they can, in theory, be applied to work with any stakeholder group, an implicit principle for DFID is that activities should be designed to maximize livelihood benefits for the poor.

(taken from Ashley and Carney, 1999)

A central element of DFID’s SL approach is the SL Framework (see Figure 5). The framework is not intended to be an exact model of reality, but to provide an analytical structure to facilitate a broad and systematic understanding of the various factors that constrain or enhance livelihood opportunities, and to show how they relate to each other. It should further be noted that the framework as such does not lay down any explicit definition of what exactly constitutes poverty, which is context-specific and therefore must be investigated on a case-by-case basis with different groups (DFID, 1999).

Figure 5. DFID’s SL framework



The SL Framework is built around five principal categories of livelihood assets, graphically depicted as a pentagon to underline their interconnections and the fact that livelihoods depend on a combination of assets of various kinds and not just from one category. An important part of the analysis is thus to find out people’s access to different types of assets (physical, human, financial, natural, and social) and their ability to put these to productive use. The framework offers a way of assessing how organisations, policies, institutions, cultural norms shape livelihoods, both by determining who gains access to which type of asset, and defining what range of livelihood strategies are open and attractive to people. (Carney 1998).

The value of using a framework like this, according to DFID, is that it ‘...encourages users to take a broad and systematic view of the factors that cause poverty — whether these are shocks and adverse trends, poorly functioning institutions and policies, or a basic lack of assets — and to investigate the relations between them. It does not take a sectoral view of poverty, but tries to reconcile the contribution made by all the sectors to building up the stocks of assets upon which people draw to sustain their livelihoods. The aim is to do away with pre-conceptions about what exactly people seek and how they are most likely to achieve their goals, and to

develop an accurate and dynamic picture of how different groups of people operate within their environment' (DFID 1999).

The SL approach with associated framework has already been used in DFID for identifying, designing, and assessing new initiatives (projects or programmes), for re-assessing existing activities, for informing strategic thinking and discussion, and for research. Some of these applications will be discussed in more detail in Annex 1. Furthermore, DFID is in the process of finalizing a comprehensive set of Guidance Sheets to assist staff and practitioners within and outside the agency to use the framework, including suggestions for appropriate methods and tools for collection of information.

DFID's SL approach is not a 'programming framework' in the sense that it clearly spells out the various steps to be taken in the planning of concrete SL programmes. Instead, it represents 'a way of thinking' about poverty, focusing on the livelihoods of the poor to facilitate the identification of issues or areas that should be addressed in a specific situation to reduce poverty.

This is not to say that there are no strategic concerns influencing the choice of areas for intervention. For DFID, the two most important areas for effective contribution, are:

- direct support to assets (i.e., providing poor people with better access to the assets that act as a foundation for their livelihoods); and
- support to the more effective functioning of the structures and processes (policies, public and private sector organizations, markets, social relations, etc.) that influence not only access to assets but also which livelihood strategies are open to people.

The rationale for depicting precisely these two areas is partly practical, i.e., they represent areas where an external agency like DFID could reasonably be expected to have an impact, and partly strategic, i.e., empowerment. Generally speaking, the idea is that if people have better access to assets they will have more ability to influence structures and processes so that these become more responsive to their needs (Carney et al., 1999).

4.4. Comparing the three SL approaches

It is difficult from the available documentation to pin down the really significant differences between these three agencies' approaches. They could all be said to use the SL approach as a strategy towards poverty. They also use similar definitions of what constitutes sustainable livelihoods; share the view that livelihood resources must be conceptualized broadly, including not only physical and economic assets but also human and social assets; and stress the need to take into consideration the impact of overriding policies and economic structures on the livelihoods of the poor.

One difference is how the agencies use the approach. UNDP and CARE use it to facilitate the planning of concrete projects and programmes. For DFID the SL approach is more of a basic framework for analysis than a procedure for programming, and it is also used to assess and review on-going projects

and programmes to make them more sensitive and responsive to the conditions and needs of the poor. It is an instrument to enhance the poverty-orientation of different kinds of activities supported by the agency, not just SL projects or programmes.

A second difference is in the level of implementation. CARE supports household livelihood security primarily at community level. UNDP and DFID work at community level, but also emphasize that tackling enabling policy environments, macro-economic reforms, and legislation is equally important for effective poverty reduction. Thus, for DFID, although the analysis of people's livelihoods usually takes place at a household (or community) level, the aim is not just to identify constraints or opportunities that could be remedied at that level. Equally important is to get an understanding of how policies and other institutional factors, for example, impinge upon people's livelihoods at the local level, but have to be addressed at higher, policy levels.

Two other points which are mentioned by Carney et al. but could not be documented are environmental factors and areas of specialization. UNDP in particular and to some extent DFID include environmental criteria in their SL definitions, but CARE emphasizes 'household livelihood security' over 'sustainable livelihoods' and is more concerned with immediate subsistence needs than long-term environmental effects. UNDP specializes in technology development and social and economic investment, and so tends to look to those areas to improve people's livelihoods.

5. Strengths and weaknesses of the SL Approach

Adopting a SL Approach to poverty reduction has advantages but also raises a number of difficult methodological and practical issues.

5.1. Strengths

The SL approach shows the variety of activities that people carry out, often in combination, to make a living. As several authors have pointed out, this is particularly important in the case of the poor, who often rely on a number of different types of economic activities for their livelihoods, and where it is not any activity but their combined effect for the household economy that matters (Chambers, 1995; Hussein and Nelson, 1998). Sectoral approaches which tend to pre-determine which area of economic activity people should focus on, for example forestry or fisheries, might lead to only one aspect of people's livelihoods being addressed, and not necessarily the aspect that is most relevant to the poor. A case in point is the watershed project in Orissa cited in Annex 1, where the poor stood to gain little from land-based support activities since they had no land but relied principally on labour-migration for their living.

By drawing attention to the multiplicity of assets that people make use of when constructing their livelihoods, the SL approach produces a more

holistic view on what resources, or combination of resources, are important to the poor, including not only physical and natural resources, but also their social and human capital. This is in line with findings from recent participatory poverty assessments which show that poverty is a much more complex phenomenon than just low incomes or insufficient food production (Holland and Blackburn, 1998).

Another crucial aspect of the SL approach is that it facilitates an understanding of the underlying causes of poverty by focusing on the variety of factors, at different levels, that directly or indirectly determine or constrain poor people's access to resources/assets of different kinds, and thus their livelihoods. Such constraints might spring from formal and informal institutional and social factors at the local level, or they may be the outcome of overriding policies, economic processes, and legislative frameworks at the macro level. A 'micro-macro' perspective is thus built into the approach and is more likely to lead to more strategic interventions.

By focusing on the manner in which people develop their livelihood strategies (coping and adapting strategies) to achieve certain outcomes in response to a particular 'vulnerability context', the SL approach makes it possible to see how even the 'poorest of the poor' are active decision-makers, not passive victims, in shaping their own livelihoods. This is important for designing support activities that build on the strengths of the poor. Also, it allows for a more dynamic perspective on livelihoods, since people's strengths may change over time as their strategies change in response to either personal or external circumstances.

The SL approach facilitates an understanding of the linkages between people's livelihood strategies, their asset status, and their way of using available natural resources, and is therefore a useful approach for understanding both the problem and the scope for promoting sustainable development at the local level.

Finally, the concept of livelihood offers a more appropriate basis for evaluating the socio-economic impact of projects or programmes which have poverty alleviation as at least one of their overall objectives, since it provides a more realistic framework for assessing the direct and indirect effects on people's living conditions than, for example, one-dimensional productivity or income criteria.

5.2. Methodological and practical difficulties

As mentioned, adopting a SL approach to poverty reduction also raises some difficult methodological and practical issues, including the following:

Who are the poor?

The very rationale of the SL approach is poverty alleviation. So what constitutes poverty in the first place, if according to recent research poverty is a multi-dimensional phenomenon which cannot simply be reduced to

economic deprivation? This question must be answered if the approach is to be put into practice.

There are a number of possible ways of identifying the poor. One could select a geographical area where poverty is known to be widespread, assume that most people living there are poor by any reasonable standard and refine the selection by adding other poverty criteria such as distance to roads, ethnic minority status, etc. This is the approach adopted by the Sida-financed MRDP programme in Vietnam (Davies and Krantz, 1999).

But poverty is rarely uniformly distributed within an area. Communities usually do not represent such homogeneous collective social units as most development projects or programmes tend to assume (Agrawal and Gibson 1999).⁵ In every community some people are better off than others, and even if the social or economic differences are not clear to an outsider, they exist and the poor are living side-by-side with more affluent households.

Another alternative is to use a 'poverty line' based on level of income, food insufficiency, etc. This allows for a more selective identification of the poor (provided the criteria correctly reflect what constitutes poverty) but, apart from the practical difficulties of 'intra-community' targeting as such, it requires systematic data on the level of income and other variables for all the households, which often does not exist and is complicated and expensive to collect.

Another technique is 'wealth ranking', letting the community themselves define relevant criteria for wealth (or poverty) according to their perceptions and experience and classify the various households in the community according to these. This model reduces the need for externally conducted household surveys, but a true cross-section of community members must be involved to avoid community leaders skewing the results. The classification will be unique to the community and will be a picture of relative poverty; the community might be all poor or not at all poor by another standard.

None of the SL Approaches discussed here really deal with this issue of how to identify the poor as a necessary prerequisite for targeting of interventions. In DFID's approach it is explicitly stated that what constitutes poverty and who are the poor in a locality should not be established in advance, but should come out in the very process of analysing livelihoods according to the framework. To that end, a whole battery of methodological tools should be applied in conjunction with this process, e.g., social analysis including participatory poverty assessments, gender analysis, stakeholder analysis, institutional analysis, and so on, as described in the SL Guidance Sheets. This may be the most appropriate approach, as poverty is a highly variable phenomenon. It might thus be necessary to first acquire a basic understanding of the overall economic, social, cultural, and institutional

⁵ A similar conclusion was reached in the PPA recently undertaken by MRDP in one of its areas of operation in Northern Vietnam, which found that 'pockets' of poverty existed even in relatively prosperous areas indicating that the geographical approach to targeting of the poor had its limitations.

situation in a locality before the identity, characteristics, and particular circumstances of the poor can be established with any certainty.

On the other hand, this will be expensive, as project staff or consultants will have to spend considerable time in the locality to understand the local situation, and facilitate different kinds of participatory studies and assessments, etc., making it unsuitable for agencies seeking to reach the poor in hundreds of communities at the same time. The DFID approach is aware of this problem but does not really provide any simple resolution to it.

The social relations of poverty

There is a similar problem with the 'social relations of poverty', i.e. where relations of inequality and power maintain and reproduce poverty at the local level. DFID's SL approach puts great emphasis on transforming the structures and processes that have the capacity to 'transform' livelihoods, in ways which provide better opportunities for the poor (DFID, 1999). But the process is complicated because informal structures of social dominance and power within communities influence people's access to resources and livelihood opportunities. And these inequities are often invisible to outsiders. The anthropologist David Mosse has argued that PRA is not a suitable method in this context because it is inevitably a 'public event' where people are usually reluctant to discuss sensitive matters such as power and influence in the own community. Besides, such participatory exercises often involve the very community leaders who form part of the local elite (Mosse 1994).

Neither UNDP nor CARE in their respective SL approaches address this issue. In DFID's SL framework, power relations are included as one aspect of 'transforming processes', closely linked to 'culture' and 'institutions', and it is a dimension of intra-community relations to be examined together with other authority patterns when undertaking social analysis of particular localities. This notwithstanding, the focus of DFID tends to be on the more easily detectable and formal aspects of such transforming processes, i.e., organizations, policies, and legislation, as these impinge upon the livelihood opportunities of the poor, presumably because they are more easy to influence through external donor support.

Gender aspects

These patterns of power, described in the previous section, are influenced by the marked inequality that often exists between men and women within a community, and this is recognised by all three SL approaches. UNDP has recently issued a paper which seeks to explore how the 'five steps' procedure to programme planning could be made more gender-sensitive. CARE systematically collects data disaggregated by gender when undertaking livelihood security assessments at the community level. Finally, DFID's SL framework highlights the need to give particular attention to 'vulnerable groups', including women, when conducting regular SL analysis, which are then supplemented with specific Gender Analysis. In this sense, gender considerations are at least minimally covered in the analytical procedures and framework of all three approaches.

It is one thing to ensure that gender is being addressed in principle, however, and another to make it possible for women to express their genuine perceptions, interests, and needs in relation to specific livelihood issues in practice. Even the otherwise quite advanced participatory techniques such as PRA are frequently unable to involve women to the extent necessary to get a satisfactory picture and representation of their situation.

Part of the problem is that such exercises tend to be organized in a way that does not suit the time requirements and other practical constraints of women. But another problem is that by their very nature public events tend to attract only certain types of 'public knowledge' that, by social definition, is generated by men and not by women (Mosse, 1994). Furthermore, appraisal methods often do not allow sufficient time for continuous dialogue and critical reflection with the concerned women — often imperative for their ability to express their views on crucial issues (Humble, 1998). Unfortunately, these are difficulties that are not addressed in any of the SL approaches.

Another, potentially significant, constraint in this context is that SL approaches tend to take the household as the basic unit of analysis. Thus, most of the attention is on how different categories of households relate to different types of assets, to the vulnerability context, to markets, organizations, policies, and legislation, etc. In fact, the very concept of livelihood tends to direct attention to the household as the decision-making unit since it is at this level that various economic activities are combined into particular livelihood strategies.

There is a risk, however, that intra-household inequalities in economic control, interests, opportunities, and decision-making power, which often have gender as a basis, are not given sufficient attention. Thus, women might figure among the poor only when they are heads of households, and not when they are vulnerable, socially and economically subordinate members of prosperous households.

In all fairness, DFID's Guidance Sheets recognize that it is not sufficient to just take the household as the sole unit of analysis, but that there is need for disaggregation into men, women, different age groups, etc

The reality of programme planning and sectoral biases

The basic idea of the SL approach is to start with a broad and open-ended analysis of the constraints in (poor) people's current livelihoods, so as to identify the most relevant and effective entry points for interventions, independent of sectors or levels of action.

This requires a highly flexible planning situation, however, which is often unrealistic. The planning of development co-operation projects or programmes seldom start from a 'blank sheet', more often building upon earlier support to a sector. Alternatively, it is shaped by strategic priorities

and detailed sector plans developed by the counterpart ministry of the recipient country, which might set narrow limits to the kind of issues or areas of activity that the donor might support. Besides, donor agencies as well as government ministries are usually organized by sector, and the planning process is biased by whichever donor or ministry is responsible for administering the project.

At a recent internal DFID meeting which reviewed the lessons from early SL experiences, it was recognised that a practical compromise between these two extremes is needed: one which ensures that already identified/decided sector development initiatives fit with people's livelihood strategies and make them better at responding to the constraints and opportunities affecting the poor. The SL approach, or elements of it, could usefully be employed to that end (ibid.). The meeting also identified the need to revise project-cycle procedures, so that they become compatible with the process-oriented character of the SL approach. A system of continuous monitoring needs to be built into the process, to detect changes in people's actual livelihoods as well as the usual achievement of narrow project output targets.

DFID's experience shows that SL perspectives and principles can also be usefully employed in other areas of development co-operation. It is beyond the scope of this paper to go into any detail on this, but one such area is policy dialogue, where an SL perspective can provide a common framework for discussions among policymakers from different sectors. Similarly, an SL approach could be used as a complement to the now fashionable Sector-Wide Approaches to make the latter more people- and poverty-oriented. Lastly, at least some elements of the SL approach might be used in the preparation of Country Strategy Papers, although how this could be done in practice is still subject to some debate. For further details on these various uses, see Ashley and Carney (1999).

Capacity requirements and the risk of donor dominance

The SL approach is a demanding approach in terms of analytical capacity and information requirements. This is also recognized by DFID and the other agencies, which therefore insist both on the importance of restricting data collection to what is really necessary and what partner institutions have the capacity to undertake.

Even so, it is not unreasonable to deduce that this approach, at least if applied consistently, might be a bit beyond the practical realities of many local development administrations. In the first place, counterpart institutions may not allocate sufficient staff to work as intensively with the local population as the approach assumes, particularly if the counterpart is a government extension organization. Secondly, counterpart staff might not be in a position to make constructive use of the approach because of either insufficient analytical capacity or understanding of poverty and livelihood issues in general.⁶

⁶ A lack of 'sensitiveness to poverty' among government extension staff was a constraint identified in the MRDP programme in Northern Vietnam (Davies and Krantz, 1999).

There is a real risk that this approach will remain the territory of donors and their consultants, or projects and programmes which have donor support. To overcome this, it is essential to make sure that counterpart staff are involved from the beginning when discussing if and how such an approach should be applied (this could include training in the SL approach and its implementation). It is also advisable to use the approach in a simplified manner to begin with, and in a way that complements existing procedures and programmes rather than introducing a completely new system.

6. Applicability to Sida?

Sida has adopted an action programme to promote sustainable livelihoods for the poor, which reflects principles of these SL approaches. The programme document states that strengthening people's capacity to provide for themselves is a recognised and desirable strategy for improving their quality of life, and that Sida's development assistance should be judged partly by its impact on poverty. The intention of this action programme is that it will serve as a framework for all Sida's operations, but it does not provide a methodology for implementing this approach through practical work.

Originally, this study was meant to include an assessment of opportunities and constraints for applying a SL approach in Sida's work, but this would require an analysis of Sida's current approach to poverty as well as its overall programming system, which is outside of the scope of the study. However, it can be concluded that the SL approach, especially the version developed by DFID, has a lot to offer also an agency like Sida. Potential constraints include a possible conflict with the current sectoral structure of Sida's programmes; the delegation of project and programme planning and implementation to counterparts who may not embrace the principles of the SL approach, and the high demands on analytical capacity and staff resources at the field-level.

7. Issues for further discussion

- Does the SL approach contribute to more relevant or effective poverty reduction?
- What implications does it have for action and for the design of activities?
- How does the SL approach (or framework) link with the policies, methods, and analysis currently used by Sida?
- Is the approach compatible with the existing development co-operation policy as well as the current organization of Sida in sectoral departments?
- Can the SL approach be incorporated into the normal working procedures of Sida, such as country strategy planning and LFA?

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Annex 1

Applying the SL Approach in Practice: Some examples from DFID's work

DFID has tested the SL approach in a number of different project and programme situations, some of which have been analysed and documented by the Overseas Development Institute (ODI) in a series of Working Papers. This Annex summarizes three of these case studies which illustrate different applications of the approach.

Watershed Management Project Design in India

Cathryn Turton studied the use of SL principles and concepts in the design process of two DFID-supported watershed projects in India (Turton, 2000).

In 1999 DFID decided to support two new watershed projects in Orissa and Andhra Pradesh, a continuation of the agency's long-standing support to rainfed farming in eastern and western India. New central government guidelines emphasized the need to make such developments more participatory and responsive to poor people's needs. DFID-India, together with its counterparts in the Union and State governments, was responsible for designing these projects.

At a relatively late stage in the process DFID-UK suggested applying an SL approach to the project design process. To identify priorities' the Orissa team had already embarked upon a series of social, institutional, technical, and economic studies in the four poorest districts. To a large extent these studies were carried out independently of each other, by national and UK-based consultants.

The SL approach was used to integrate the findings of these studies by providing a common perspective on the complexity of factors determining poor people's livelihoods. Workshops and a series of meetings towards the end of the design process stimulated design team members to think about what the findings of the different disciplinary studies said about poverty and its underlying causes in the area.

The *technical study* highlighted the lack of access and entitlement by the poor to natural capital and how this increases their vulnerability to drought.

The *institutional study* elaborated on issues of financial, social, and human capital, noting in particular:

- high rates of interest, chronic indebtedness and the bonding of both land and labour by moneylenders;
- control by a powerful few of seasonal migration to urban areas, so that little remains once accommodation, travel costs, and advances (and related interest charges) have been deducted;

- all-pervasive strength of the caste-reinforcing Jat Samaj, which adjudicates (often at the expense of lower castes and women) on disputes over land or domestic matters; and
- long history of dependency by people on relief interventions from government.

Although western Orissa had long been a priority area of the Government of India, lack of capacity in local government institutions meant that work to reduce poverty levels had so far been ineffective.

The principal conclusion was that poverty in the area was not rooted in the poor productivity of natural resources *per se*, but that its nature and structure was embedded in a complex web of historical, political, and social relations which enabled a small, powerful minority to deprive the disempowered majority of their entitlements. Thus, a solution based on building up natural capital and increasing agricultural productivity (e.g. the conventional watershed development approach) might help the poor as labourers or as users of common resources, but would likely benefit mainly the better-off landowners.

In the light of this, crucial modifications were made and the result was a project with a much broader scope than watershed management. First, it was decided that capacity building and institutional strengthening at different levels, including among the poor, would be the core of the project. DFID-funded 'livelihood support teams' (LST) would analyse the livelihood needs of the most vulnerable, initiate social organization and capacity building, and facilitate the negotiation of resource rights of the poor. Other components would promote livelihood opportunities for the poor, including both natural resources and non-land based activities; strengthen the institutional capacity of government organizations and NGOs to work together on poverty-focused programmes and initiatives; enhance the capacity of inclusive watershed-level organizations; and identify both issues which impact on the poorest and ways to improve government policy on such issues.

In Andhra Pradesh no real attempt was made to introduce an SL approach because the state government and its Department for Rural Development (DRD) were already strongly committed to poverty reduction and recognized that watershed development must be supplemented with other 'watershed plus' activities to meet the needs of the poor. DFID-India was allowed to clarify its own priorities and then to screen the approaches adopted by potential partners to assess their consistency with DFID's priorities, but the design process was very much driven by DRD, in close consultation with NGOs.

Livelihood analysis of wildlife projects in Namibia and Kenya

The SL approach is commonly used to identify and prioritize actions for poverty reduction, but it can also be used to assess the significance or impact of interventions on people's livelihoods. Another ODI Working Paper

describes how elements of the SL approach were used on three wildlife projects in Namibia and one in Kenya (Ashley, 2000).

The Wildlife for Livelihood Diversification (WILD) project in Namibia was initiated in 1997 with support from DFID. A participatory analysis with community members of different uses of wildlife and their impact on livelihoods was an integral element of the project planning process. A variety of PRA techniques were explored during workshops and meetings with farmers and local committees (about one week in each locality). The SL framework did not exist at the time, but many of the issues explored coincided with those outlined in the framework.

A variant of livelihood analysis was applied in the Caprivi Region in north-eastern Namibia, which since the early nineties has been a major focus area for the Community Based Natural Resource Management (CBNRM) programme. Here the objective was to learn more about the links between livelihood strategies and CBNRM: how livelihood strategies influenced people's common property resource management and engagement in CBNRM, and how the activities of the CBNRM programme were affecting their livelihoods. The analysis was undertaken as a review, based principally upon existing documentation and knowledge of the area and the project by the investigators, and did not include any consultations with people. The investigators developed a simple matrix, built upon the same principles and perspective that later informed the framework.

The third example was an assessment, or overview review, of the impact of tourism, especially wildlife and nature tourism, on rural livelihoods in general in Namibia. It was not project-specific but was an initiative by Ashley to synthesize a range of findings and experiences on tourism impact from different projects, including WILD and CBNRM, and to help promote a livelihoods focus in the tourism sector. Initiated in 1998 and developed further in 1999, the review was able to draw on the new DFID SL framework. It was used as an 'analytical checklist', facilitating the analysis of findings in terms of impact on assets, activities, livelihood outcomes, and ability to cope with or influence external structures and processes such as institutions and policies.

Finally, the report describes how an assessment was made of the economic and livelihood impacts of two community-based wildlife enterprises in Kenya: a tourism lodge and a butterfly farming enterprise, both forming part of a larger project — Wildlife Enterprises and Local Development (WELD) — implemented by the Africa Wildlife Foundation. The aim of the assessments was to identify how the enterprises were contributing to development and conservation, and whether there was a tension between their development, conservation, and commercial objectives. The livelihood impact analysis was only one part of the assessment. It explored three themes: an overview of people's livelihood strategies and priorities; how the project changed or fitted with these; and differences between stakeholders. To assess changes in livelihoods, a wide range of fieldwork methods were used. As in the tourism review above, the SL framework provided the 'lens'

through which data was synthesized to provide an overview of how the project fits with livelihoods or changes them, and why.

Based on these four cases, the author concluded that:

- Livelihoods analysis can serve a wide variety of applications, such as reshaping a programme to enhance the ‘fit’ with livelihoods; assessing impact; understanding the factors that drive the participation of key groups; and as a focus for participatory planning with communities.
- Sharing the SL approach as a broad-brush principle is as important as, and possibly more effective than, sharing the details of livelihoods analysis.
- Livelihoods analysis can be done without the SL framework, but the framework helps to broaden and structure the scope of enquiry. However, issues that are not prominent in the framework, such as empowerment, should not be neglected.
- Livelihoods analysis can very usefully show how an intervention ‘fits’ with livelihood strategies, and how people’s livelihoods are being enhanced or constrained. On this basis, recommendations for improvements in the intervention can be made. However, it is less useful for quantifying changes in livelihood security or sustainability.
- Livelihoods analysis is resource intensive. In particular it requires a combination of field methodologies, including participatory techniques, the ability to adapt them, and strong analytical skills.

Programme development at country level in Cambodia

The SL approach was applied to a scoping study undertaken as an input to the preparation of a Country Strategy Paper (CSP) for DFID’s support to Cambodia, reported on in Turton (2000). The study, which was undertaken by a consultant (Turton), drew primarily on secondary information sources and discussions with key people, both in and outside Cambodia, and did not include any extensive fieldwork.

The SL approach (primarily the framework) was used as an analytical tool first — to facilitate a process of exploring the issues affecting rural livelihoods. A set of key questions were developed to structure the study:

- Who are the rural poor?
- What makes them vulnerable?
- What assets do they have?
- What is the impact of policies and institutions?
- How do the poor make a living?
- What is the outcome of the above on rural poverty levels?

The framework itself was then used to structure information, to draw out key linkages, and as a checklist, to ensure major issues were covered and key information gaps identified.

The advantage, according to the author, with taking ‘livelihoods’ as the point of entry for the study, was that it placed people at the centre, in an environment where analysis has hitherto focused exclusively on resources or institutions. The SL perspective also facilitated a process of stepping back and looking at the wider issues affecting rural development. It highlighted the lack of links between the macro and the micro level, and showed that higher level policy development and planning is done with little knowledge of people’s needs and priorities. Finally, the SL framework proved a useful tool for structuring a review of secondary information sources and offered a way to organize the various factors and how they related.

Nevertheless, the study found that there were serious gaps in knowledge about livelihoods in rural areas and that much more information was needed on issues such as:

- How do households move in and out of poverty? What lifts people out of poverty?
- Where do the future opportunities lie – in the wider sense and in the NR sector?
- What are the indicators that livelihoods are improving or are on a downward trend, e.g., levels of debt, sales of land?

Providing answers to these and related questions would require more extensive studies, including field-based participatory analysis, which was beyond the scope of this study. It was therefore recommended that the strategy for the medium term (one to three years) should be to focus on building a more complete picture of the key constraints to sustainable livelihoods in rural areas and clear directions on how to work most effectively. In other words, the strategy would be to provide a basis for making informed decisions on how DFID could best support efforts to reduce rural poverty in the longer term.s



SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
S-105 25 Stockholm, Sweden
Tel: +46 (0)8-698 50 00. Fax: +46 (0)8-20 88 64
Homepage: <http://www.sida.se>