

# Sustainable livelihoods guidance sheets

“A livelihood comprises the capabilities, assets 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 Department for International Development (DFID) is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the *White Paper on International Development*, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and also seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, UN agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa.

We are also contributing to poverty elimination in middle income countries, and helping the transition countries in Central and Eastern Europe to enable the widest number of people to benefit from the process of change.

As well as its Headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Suva and Bridgetown. In other parts of the world, DFID works through staff based in British Embassies and High Commissions.

DFID  
94 Victoria Street  
London  
SW1E 5JL  
UK

DFID  
Abercrombie House  
Eaglesham Road  
East Kilbride  
Glasgow G75 8EA  
UK

Switchboard: +44 (0)171 917 7000

Fax: +44 (0)171 917 0019

Email: [enquiry@dfid.gov.uk](mailto:enquiry@dfid.gov.uk)

Website: [www.dfid.gov.uk/](http://www.dfid.gov.uk/)

For enquiries related to sustainable livelihoods, and for further copies of these Guidance Sheets please contact: [livelihoods@dfid.gov.uk](mailto:livelihoods@dfid.gov.uk)

**What is a livelihood?**

The word 'livelihood' can be used in many different ways. The following definition captures the broad notion of livelihoods understood here: *'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.'*

Adapted from Chambers, R. and G. Conway (1992) *Sustainable rural livelihoods: Practical concepts for the 21<sup>st</sup> century*. IDS Discussion Paper 296. Brighton: IDS.

**Sustainable livelihoods: Putting people at the centre of development**

The livelihoods approach is a way of thinking about the objectives, scope and priorities for development. A specific livelihoods framework and objectives have been developed to assist with implementation, but the approach goes beyond these. In essence it is a way of putting people at the centre of development, thereby increasing the effectiveness of development assistance.

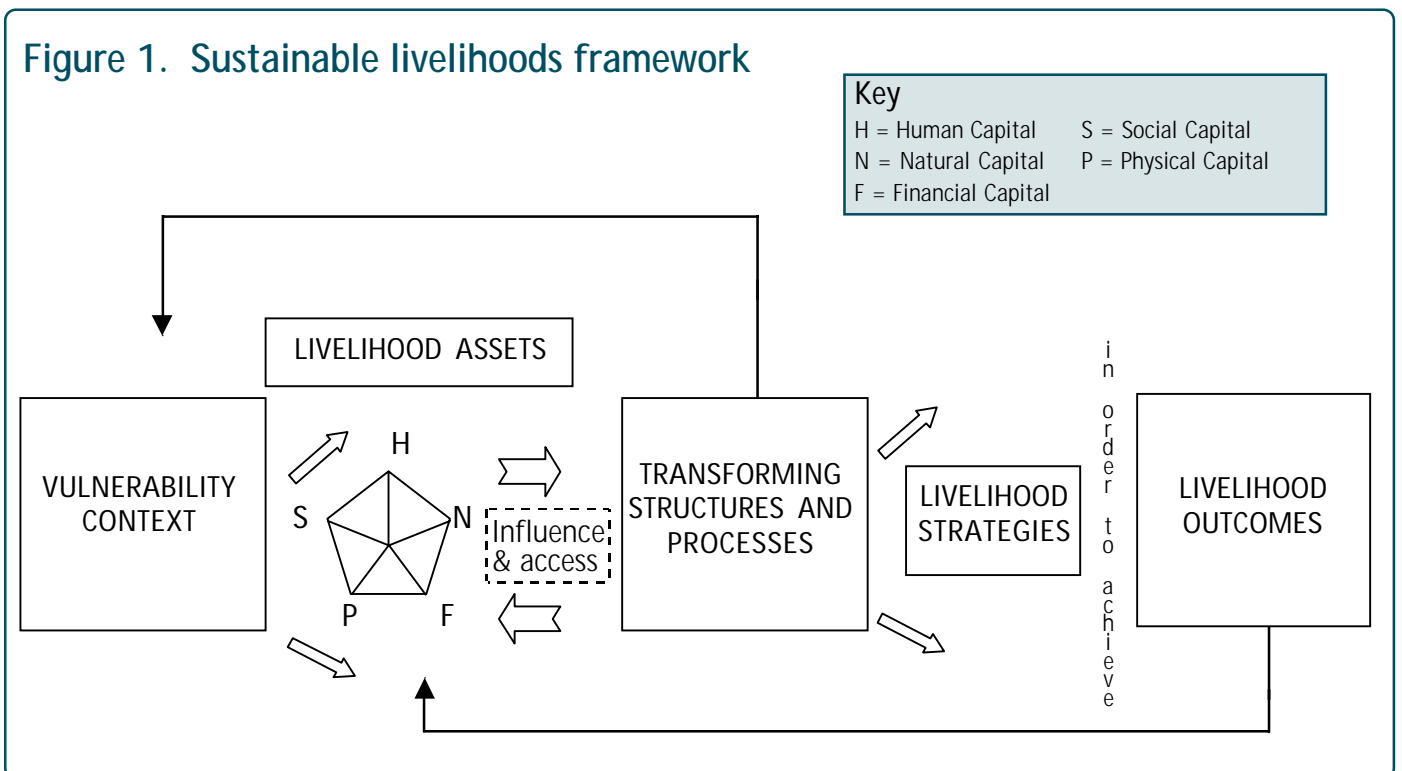
This set of Guidance Sheets attempts to summarise and share emerging thinking on the sustainable livelihoods approach. It does not offer definitive answers and guidelines. Instead, it is intended to stimulate readers to reflect on the approach and make their own contributions to its further development.

**The sustainable livelihoods framework**

The framework, which is presented in schematic form below and discussed in detail in Section 2 of the Guidance Sheets, has been developed to help understand and analyse the livelihoods of the poor. It is also useful in assessing the effectiveness of existing efforts to reduce poverty. Like all frameworks, it is a simplification; the full diversity and richness of livelihoods can be understood only by qualitative and participatory analysis at a local level.

The framework does not attempt to provide an exact representation of reality. It does, however, endeavour to provide a way of thinking about the livelihoods of poor people that will stimulate debate and reflection, thereby improving performance in poverty reduction. In its simplest form, the framework views people as operating in a context of vulnerability. Within this context, they have access to certain assets or poverty reducing factors. These gain their meaning and value through the prevailing social, institutional and organisational environment. This environment also influences the livelihood strategies – ways of combining and using assets – that are open to people in pursuit of beneficial livelihood outcomes that meet their own livelihood objectives.

**Figure 1. Sustainable livelihoods framework**



## The Guidance Sheets

These Guidance Sheets are intended to be a 'living' series. As the sustainable livelihoods approach evolves, so the sheets will be updated. Suggestions for modifications and/or new topics for sheets are welcomed. These should be sent to: [livelihoods@dfid.gov.uk](mailto:livelihoods@dfid.gov.uk).

Specifically the sheets aim to:

- show how the livelihoods approach fits in with DFID's overall aims;
- explain the livelihoods framework (as it is currently understood);
- explain links between this and existing/past approaches and methodologies;
- lay out suggestions for how the approach can be implemented in practice;
- pinpoint priorities (notable 'gaps' in understanding) for future work;
- identify relevant expertise (projects, experience and literature).

The sheets will be made available on the DFID website.

## Process: Consultation and collaboration

The Guidance Sheets are one product of a lengthy and still ongoing process of consultation about sustainable livelihoods. The consultation, which commenced in January 1998, has extended to:

- DFID personnel (both at headquarters and in regional offices)
- NGO representatives
- representatives of other bilateral and multilateral donors
- researchers
- DFID consultants.

The process of consultation and collaboration has been highly productive. These Guidance Sheets are a genuinely joint product; they try to capture thinking from well beyond DFID itself. However, thus far, DFID's developing country partners – policy-makers, leaders and clients – have not been adequately involved; their views have been sought only indirectly. These sheets can therefore be thought of as a starting point from which DFID personnel, and others who find the sheets useful, can begin to explore and develop further the new ideas with partner organisations.

## Outputs and resources

Other outputs of the consultation process include:

- A book of edited papers presented at the 1998 DFID Natural Resources Advisers' Conference: *Sustainable rural livelihoods: What contribution can we make?* Available from Marnie Durnford ([m-durnford@dfid.gov.uk](mailto:m-durnford@dfid.gov.uk)).
- The Sustainable Livelihoods 'Virtual Resource Centre' formed to provide support to DFID's learning about and implementation of the sustainable livelihoods approach. This resource centre brings together a wide range of external expertise in support of DFID. Management is from DFID headquarters. Contact is through: [livelihoods@dfid.gov.uk](mailto:livelihoods@dfid.gov.uk)
- The Sustainable Livelihoods Theme Group, an internal DFID grouping charged with enhancing DFID's effectiveness in promoting sustainable livelihoods. The Virtual Resource Centre will report through the DFID management point to the Theme Group.
- The establishment of productive working relations with a number of other development partners (including various NGOs, the UNDP, the World Bank).

Livelihoods thinking dates back to the work of Robert Chambers in the mid-1980s (further developed by Chambers, Conway and others in the early 1990s). Since that time a number of development agencies have adopted livelihoods concepts and made efforts to begin implementation. However, for DFID, the sustainable livelihoods approach represents a new departure in policy and practice.

### Origins: The White Paper

This series of Guidance Sheets comes out of an ongoing process of dialogue about how to achieve the goals and policy directions laid down in the UK Government's 1997 *White Paper on International Development*. The *White Paper* commits DFID to supporting:

- (i) policies and actions which promote sustainable livelihoods;
- (ii) better education, health and opportunities for poor people;
- (iii) protection and better management of the natural and physical environment;

thereby helping to create a supportive social, physical and institutional environment for poverty elimination.

Although the sustainable livelihoods approach appears to focus on objective (i), in its interpretation it subsumes the other objectives. It explicitly recognises the importance of physical well-being, education and the state of the natural environment (amongst other factors) to poor people and to the achievement of sustainable livelihoods.

### Sustainable livelihoods objectives

The sustainable livelihoods approach is broad and encompassing. It can, however, be distilled to six core objectives. DFID aims to increase the sustainability of poor people's livelihoods through promoting:

- improved access to high-quality education, information, technologies and training and better nutrition and health;
- a more supportive and cohesive social environment;
- more secure access to, and better management of, natural resources;
- better access to basic and facilitating infrastructure;
- more secure access to financial resources; and
- a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all.

These objectives relate directly to the livelihoods framework; they will be explored in greater detail in Section 2 of the Guidance Sheets. Together they define the scope of DFID's livelihood-promoting activities (though not all objectives will be pursued in any given situation).

### What are we trying to achieve?

DFID's aim is the elimination of poverty in poorer countries. Specifically, DFID has signed up to the International Development Target of reducing by one-half the proportion of people living in extreme poverty by 2015. Adopting the livelihoods approach to understanding poverty, and pursuing the livelihoods objectives above, is expected to make a direct contribution to achieving this aim. It will provide structure to debate and discourse and help DFID and its partners respond to poor people's views and their own understanding of poverty – both its income and non-income dimensions. Most important, it will facilitate the identification of practical priorities for action that are based on the views and interests of those concerned.

The approach recognises the multiple dimensions of poverty identified in participatory poverty assessments (see 1.5). Its goal is to help poor people to achieve lasting improvements against the indicators of poverty that they themselves identify, and from a baseline they define. Through taking a wider and better informed view of the opportunities, constraints, objectives and interactions that characterise people's lives, it extends the 'menu' for DFID support to livelihood development. The

analysis that the approach entails helps improve the targeting of that support and makes explicit the connections between different activities undertaken by DFID and its partners. The result is a more effective contribution to poverty elimination.

## Sustainable livelihoods and poverty elimination

DFID's Theme Group on the Reduction of Poverty and Social Exclusion provides the overarching focus point for DFID's poverty reducing activities. The Theme Group's aim is to enhance DFID's potential for fostering pro-poor growth, undertaking poverty analyses and designing, implementing and assessing the impact of poverty reducing interventions. It works at both a conceptual level – developing background papers and guidance material – and providing operational support to country programmes. It also plays a role in the dissemination of publicity material on DFID's approach to poverty reduction and it liaises with external networks such as the DAC Informal Poverty Reduction Network.

The Sustainable Livelihoods Theme Group and the Theme Group on the Reduction and Poverty and Social Exclusion share a commitment to develop close links, facilitated in the first instance through overlapping membership. The Sustainable Livelihoods Theme Group looks to the Poverty Theme Group for advice on general approaches to poverty reduction and specific methodologies for understanding poverty (e.g. participatory poverty assessments). At the same time it is hoped that the Poverty Theme Group can gain from the perspectives and approaches to implementation promoted by the Sustainable Livelihoods Theme Group.

Adopting the sustainable livelihoods approach provides a way to improve the identification, appraisal, implementation and evaluation of development programmes so that they better address the priorities of poor people, both directly and at a policy level. In this way it represents one means of pursuing DFID's poverty elimination aim.

## Sustainable livelihoods and rights-based approaches

The 1997 *White Paper* commits DFID to promoting human rights through policy and practice.

Rights-based approaches to development take as their foundation the need to promote and protect human rights (those rights that have been recognised by the global community and are protected by international legal instruments). These include economic, social and cultural as well as civil and political rights, all of which are interdependent. Running through the rights-based approach are concerns with empowerment and participation, and with the elimination of discrimination on any grounds (race, language, gender, religion, etc.).

Rights-based and sustainable livelihoods approaches are complementary perspectives that seek to achieve many of the same goals (for example, empowerment of the most vulnerable and a strengthened capacity of the poor to achieve secure livelihoods). The primary focus of the rights perspective is on linkages between public institutions and civil society and, particularly, on how to increase the accountability of public institutions to all citizens. The livelihoods approach recognises the importance of these links and of enhancing accountability, though it takes as its starting point a need to understand the livelihoods of poor people in context. From this starting point it then tries to identify the specific constraints which prevent the realisation of people's rights and consequently the improvement of their livelihoods on a sustainable basis.

## Partnerships

The *White Paper* stresses the importance of partnerships at all levels. The debate about what this means in practice is still ongoing. It is hoped that the dialogue around the development and implementation of the sustainable livelihoods approach will eventually provide the basis for deeper and more meaningful development partnerships. Indeed this is already proving to be the case for DFID's relations with other donors. The debate has not yet extended adequately to partner organisations in developing countries. This is now a priority: DFID can only work effectively with partners with which it shares common objectives and approaches to development.

The unit of analysis in livelihoods investigation is likely to be an identifiable social group. It is critical not to assume homogeneity in populations or within households themselves. Relevant social divisions may include those relating to class, caste, age, ethnic origin, gender; they can only be defined and agreed through an iterative process of participatory enquiry at community level.

The word 'multiple' is used here because it helps emphasise not only that different people adopt different livelihood strategies and pursue different livelihood objectives, but that the same people simultaneously undertake a range of different activities and seek to achieve a range of different goals. Some goals may even conflict; most goals and activities will evolve over time.

The livelihoods approach is necessarily flexible in application, but this does not mean that its core principles should be compromised. This sheet outlines these principles and explains why they make such an important contribution to the overall value of the approach.

### People-centred

The livelihoods approach puts people at the centre of development. This focus on people is equally important at higher levels (when thinking about the achievement of objectives such as poverty reduction, economic reform or sustainable development) as it is at the micro or community level (where in many cases it is already well entrenched).

At a practical level, this means that the approach:

- starts with an analysis of people's livelihoods and how these have been changing over time;
- fully involves people and respects their views;
- focuses on the impact of different policy and institutional arrangements upon people/households and upon the dimensions of poverty they define (rather than on resources or overall output *per se*);
- stresses the importance of influencing these policies and institutional arrangements so they promote the agenda of the poor (a key step is political participation by poor people themselves);
- works to support people to achieve their own livelihood goals (though taking into account considerations regarding sustainability, see 1.4).

Sustainable poverty reduction will be achieved only if external support (i.e. support from outside the household) works with people in a way that is congruent with their current livelihood strategies, social environments and ability to adapt.

People – rather than the resources they use or the governments that serve them – are the priority concern. Adhering to this principle may well translate into providing support to resource management or good governance (for example). But it is the underlying motivation of supporting people's livelihoods that should determine the shape of the support and provide the basis for evaluating its success.

### Holistic

The livelihoods approach attempts to identify the most pressing constraints faced by, and promising opportunities open to, people regardless of where (i.e. in which sector, geographical space or level, from the local through to the international) these occur. It builds upon people's own definitions of these constraints and opportunities and, where feasible, it then supports people to address/realise them. The livelihoods framework helps to 'organise' the various factors which constrain or provide opportunities and to show how these relate to each other. It is not intended to be an exact model of the way the world is, nor does it mean to suggest that stakeholders themselves necessarily adopt a systemic approach to problem solving. Rather, it aspires to provide a way of thinking about livelihoods that is manageable and that helps improve development effectiveness.

- It is **non-sectoral** and applicable across geographical areas and social groups.
- It recognises **multiple influences** on people, and seeks to understand the relationships between these influences and their joint impact upon livelihoods.
- It recognises **multiple actors** (from the private sector to national level ministries, from community-based organisations to newly emerging decentralised government bodies).
- It acknowledges the **multiple livelihood strategies** that people adopt to secure their livelihoods.
- It seeks to achieve **multiple livelihood outcomes**, to be determined and negotiated by people themselves.

In this way it attempts to gain a realistic understanding of what shapes people's livelihoods and how the various influencing factors can be adjusted so that, taken together, they produce more beneficial livelihood outcomes.

## Dynamic

Just as people's livelihoods and the institutions that shape them are highly dynamic, so is this approach. It seeks to understand and learn from change so that it can support positive patterns of change and help mitigate negative patterns. It explicitly recognises the effects on livelihoods of external shocks and more predictable, but not necessarily less damaging, trends. Attempting to capture and build upon such livelihood dynamism significantly increases the scope of livelihood analysis. It calls for ongoing investigation and an effort to uncover the nature of complex, two-way cause and effect relationships and iterative chains of events.

The true dynamism of livelihoods cannot be adequately presented in a two dimensional framework, but it can be reflected in process and modes of analysis. This is an important area for monitoring and learning as we move forward.

## Building on strengths

An important principle of this approach is that it starts with an analysis of strengths, rather than needs. This does not mean that it places undue focus on the better endowed members of the community. Rather, it implies a recognition of everyone's inherent potential, whether this derives from their strong social networks, their access to physical resources and infrastructure, their ability to influence core institutions or any other factor that has poverty-reducing potential. In 'livelihoods focused' development efforts, a key objective will be to remove the constraints to the realisation of potential. Thus people will be assisted to become more robust, stronger and better able to achieve their own objectives.

## Macro-micro links

Development activity tends to focus at *either* the macro *or* the micro level. The livelihoods approach attempts to bridge this gap, emphasising the importance of macro level policy and institutions to the livelihood options of communities and individuals. It also stresses the need for higher level policy development and planning to be informed by lessons learnt and insights gained at the local level. This will simultaneously give local people a stake in policy and increase overall effectiveness. It is, though, a difficult task to achieve. Much macro policy is developed in isolation from the people it affects. Indeed, understanding of the effects of policies on people (what actually happens as opposed to what is assumed will happen) and people on policies (the policy making process itself) is remarkably limited. Both these areas will need to be better understood if the full value of the livelihoods approach is to be realised.

The isolation of rural areas has frequently led to an underestimation of the impact upon rural people of policies and events emanating from the capital city or further afield at international levels. The focus of rural development has therefore tended to remain quite micro and local.

## Sustainability

While it is common to hear and use the short-hand 'livelihoods approach' (i.e. omitting 'sustainable'), the notion of sustainability is key to this approach. It should not be ignored or marginalised. Its different aspects are discussed in detail in the following sheet (1.4).



Sustainable systems – whether livelihoods, communities or national economies – accumulate stocks of assets; they increase the capital base over time. Unsustainable systems deplete or run down capital, spending assets as if they were income, and so leaving less for future generations.

For institutional sustainability to be achieved it is important to have in place: well-defined laws, participatory policy-making processes and effective public and private sector organisations that create a framework within which the livelihoods of the poor can be continuously improved.

An externality occurs when one person's behaviour automatically has effects on other people. This is common in the case of use of natural resources, for example, and has a significant impact upon the sustainability of overall systems.

### What is sustainability?

Sustainability has many dimensions, all of which are important to the sustainable livelihoods approach.

Livelihoods are sustainable when they:

- are resilient in the face of external shocks and stresses;
- are not dependent upon external support (or if they are, this support itself should be economically and institutionally sustainable);
- maintain the long-term productivity of natural resources; and
- do not undermine the livelihoods of, or compromise the livelihood options open to, others.

Another way of conceptualising the many dimensions of sustainability is to distinguish between environmental, economic, social and institutional aspects of sustainable systems.

- **Environmental sustainability** is achieved when the productivity of life-supporting natural resources is conserved or enhanced for use by future generations.
- **Economic sustainability** is achieved when a given level of expenditure can be maintained over time. In the context of the livelihoods of the poor, economic sustainability is achieved if a baseline level of economic welfare can be achieved and sustained. (The economic baseline is likely to be situation-specific, though it can be thought of in terms of the 'dollar-a-day' of the International Development Targets.)
- **Social sustainability** is achieved when social exclusion is minimised and social equity maximised.
- **Institutional sustainability** is achieved when prevailing structures and processes have the capacity to continue to perform their functions over the long term.

Very few livelihoods qualify as sustainable across all these dimensions. Nevertheless sustainability is a key goal and its pursuit should influence all DFID's support activities. Progress towards sustainability can then be assessed, even if 'full' sustainability is never achieved.

### Why is sustainability important?

Sustainability is an important qualifier to DFID's view of livelihoods because it implies that progress in poverty reduction is lasting, rather than fleeting. This does not mean that any given resource or institution must survive in exactly the same form. Rather it implies accumulation in the broad capital base that provides the basis for improved livelihoods, especially for poor people.

### Trade-offs and choices

Recognising the multiple dimensions of sustainability and people's multiple livelihood objectives is key to the sustainable livelihoods approach. However with diversity come trade-offs; trade-offs within livelihood outcomes (see 2.6) and between dimensions of sustainability and livelihood outcomes are inevitable. The following are just some of the different types of tension that may arise:

- tension between locally identified needs for greater livelihood security and wider concerns about environmental sustainability;
- tension between maximising production/income in the short term and guarding against vulnerability to external shocks in the longer term; and
- tension between achievement of individual, household or community livelihood objectives and the requirement not to compromise the livelihood opportunities open to others.

The sustainable livelihoods approach can offer no simple 'solutions' to these challenges. What it does do is to provide an approach to thinking through the conflict, including providing a framework that facilitates coherent and structured discussion of differing perspectives. By encouraging local people to think about a broad range of livelihood outcomes, potential conflicts can be explicitly discussed. Through coupling livelihoods analysis with a broader process of social assessment, equity and 'externality' issues can be brought to the fore. This is, however, an area in which further work is required.

The asset pentagon that lies at the heart of livelihoods analysis (see 2.3) encourages users to think about substitutability between different types of capital. This is particularly useful when considering whether a decline in the quality or availability of natural capital can be compensated for by an increase in other types of capital (for example social or financial capital).

- Some argue that sustainability is achieved when overall stocks of capital (in whatever combination) are maintained and accumulated. This metaphor presents problems in practical application (e.g. certain types of capital cannot be readily measured). At the same time it seems to reflect well the way in which we think about our environment and the way technology can be manipulated to compensate for losses in non-renewable natural resources.
- Others argue that different types of capital cannot readily substitute for each other. This type of 'strong sustainability' thinking is reflected in the International Development Target on environmental sustainability. This takes the view that natural resources are sufficiently important to such a wide range of livelihoods, that absolute preservation – even replenishment, given the extent to which they have already been degraded – should be the aim.

In all cases, the feasibility/acceptability of interchanging types of capital will depend on the type of environment in which people live (e.g. the types of shocks and trends that they are likely to face, the reliability of markets and institutions, etc.).

The International Development Target on environmental sustainability and regeneration calls for 'the implementation of National Strategies for Sustainable Development in all countries by 2005 so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015'.

## National Strategies for Sustainable Development

The 1997 *White Paper* commits the UK Government to work at both an international level and with partner countries to help develop and implement National Strategies for Sustainable Development (NSSDs). The international agreement that these NSSDs should be under implementation by 2005 makes this an immediate priority for DFID.

Essential elements of DFID's current thinking on NSSD implementation are that:

- NSSDs should build on existing work rather than being new, stand-alone documents;
- environmental sustainability (and poverty reduction) objectives should be integrated into mainstream development policy, rather than being 'add-ons';
- implementation should be considered not only at the national level but also at sub-national, district, local levels, etc.;
- consultation and participation should be balanced with sound analysis;
- while donors can help co-ordinate, domestic governments – and other domestic stakeholders – must own NSSD processes;
- it is vitally important to build local capacity for design and implementation of NSSDs; and
- environmental costs should be internalised through the development of appropriate policies and incentive structures.

There is clearly much congruence between the sustainability concerns of the livelihoods approach and NSSDs. In addition, to be effective NSSDs must build upon extensive stakeholder participation, coupled with a strategic and long-term approach to development. Both these features are also key to the success of the livelihoods approach.

## Maximising the positive (as opposed to minimising the negative)

Both NSSDs and the livelihoods approach go well beyond traditional notions of 'the greening of aid'. These tend to focus upon minimising the negative impacts of development interventions through the use of environmental impact assessment and checklists. These methodologies are important but limited; they are often costly, seldom participatory and have a tendency to emphasise the state of resources themselves, rather than people and their livelihoods. By contrast, the livelihoods approach views the sustainability of resources as an integral component of the sustainability of livelihoods (which has many dimensions). Rather than seeking to minimise the negative, it seeks to maximise the positive contribution made by the natural environment to people's livelihood outcomes.

The livelihoods approach enters an already crowded conceptual and operational landscape for development. Understanding the links between different approaches is essential, both to avoid confusion and to improve the scope for collaboration with colleagues and partners who come from a different starting point. Section 4 of the Guidance Sheets deals with links and overlap at a methodological level. This sheet briefly outlines links at the level of broad approaches to development (participatory development, sector wide approaches and integrated rural development). Other linking issues, such as decentralisation, public sector reform and community-based development are addressed at relevant points in subsequent sheets.

### Participatory development

The livelihoods approach will not be effective unless operationalised in a participatory manner by people who are skilled in social analysis and who share an overall commitment to poverty elimination. The approach incorporates and builds upon existing participatory methodologies (see Section 4).

- It promotes people's achievement of their own livelihood objectives. There is no prejudgement about what these are – they must be 'established' through participatory activities.
- It builds upon people's strengths. Again, this is only possible if participatory methodologies are used to establish who has access to which types of capital and how this is affected by the institutional, social and organisational environment.
- It seeks to understand, through participatory analysis, the effects of macro policies upon livelihoods.
- Indicators of impact are expected to be negotiated with local people. This idea of 'negotiation' goes well beyond minimal ideas of participation as consultation.

There are particularly strong links between the sustainable livelihoods approach and participatory poverty assessments (PPAs). PPAs have been developed as an instrument for including the perspectives of the poor in the analysis of poverty and the formulation of strategies to deal with it. Early PPAs were mostly commissioned to contribute to the preparation of a particular broader document (e.g. a World Bank Country Poverty Assessment, or a UN Country Human Development Report). Increasingly, the trend is to build PPAs into ongoing welfare monitoring and policy formulation processes and to use them as a way to build ownership and new relations between various actors in the policy process.

Like livelihoods analysis, PPAs are rooted in traditions of participatory research and action. The two share many themes in common (e.g. an emphasis on vulnerability to shocks and trends and on various kinds of assets) and are therefore expected to be complementary. However, since both vary by context, it is not possible to make definitive statements about the links in any given case.

### Sector-wide approaches

Livelihoods and sector-wide approaches are broadly complementary; each should gain from recognising the strengths of the other. Livelihoods analysis lays a heavy emphasis on understanding the structures and processes that condition people's access to assets and their choice of livelihood strategies. Where the major constraint is poor performance by government agencies at a sectoral level, then sector wide support programmes will be highly appropriate. This is especially the case for government-dominated areas such as health and education.

Sector programmes themselves will be enriched if they build on the information gathered in livelihoods analysis. This will help those involved to perceive the interactions between different sectors and the importance of developing inter-sectoral links in order to maximise impact at a livelihood level (the benchmark for performance). It will also encourage public sector institutions to recognise the many different players in the development process, creating pressure within the sector planning process to open up the dialogue beyond government, to innovate and to incorporate best practice from existing project-level activities.

The quality of PPAs is uneven – those that have produced a deeper analysis have generally involved the participation of experienced social researchers with a detailed knowledge of the country or area concerned.

It is important not to treat capacity-building work within public sector agencies as an end in itself. Its ultimate goal should be to contribute to poverty elimination through more effective delivery of services, better management of resources, etc.

Livelihoods approaches and the support activities which derive from them should also gain from the lessons learnt and the objectives pursued in sector approaches. These include:

- the importance of ensuring domestic government ownership of the development process;
- the need to base all support on best-practice public management principles (i.e. not to extend the role of government to inappropriate activities and to stress the importance of developing capacity in areas such as financial management and budgeting); and
- the value of co-ordination between different donors (and the steps required to achieve this).

## Integrated rural development

One of the early 'criticisms' that has been levelled at the livelihoods approach is that it is too similar to the failed integrated rural development (IRD) approaches of the 1970s. It is easy to see where this reflection is coming from; the two approaches share much in common. But the sustainable livelihoods approach endeavours to build upon the strengths of IRD (especially the recognition of the need for broad-based support in rural areas) without falling into the traps that caused IRD's downfall. In particular, the livelihoods approach does not aim to establish integrated programmes in rural areas. While recognising the importance to rural poverty reduction of a wide range of factors it will target just a few core areas (with the help of thorough analysis of existing livelihoods and a bottom-up planning process) so that activities remain manageable. The livelihoods approach will also address macro level and institutional factors where these are a major constraint. IRD, by contrast was forced to operate within a hostile macro-economic and institutional environment, dominated and often heavily distorted by government.

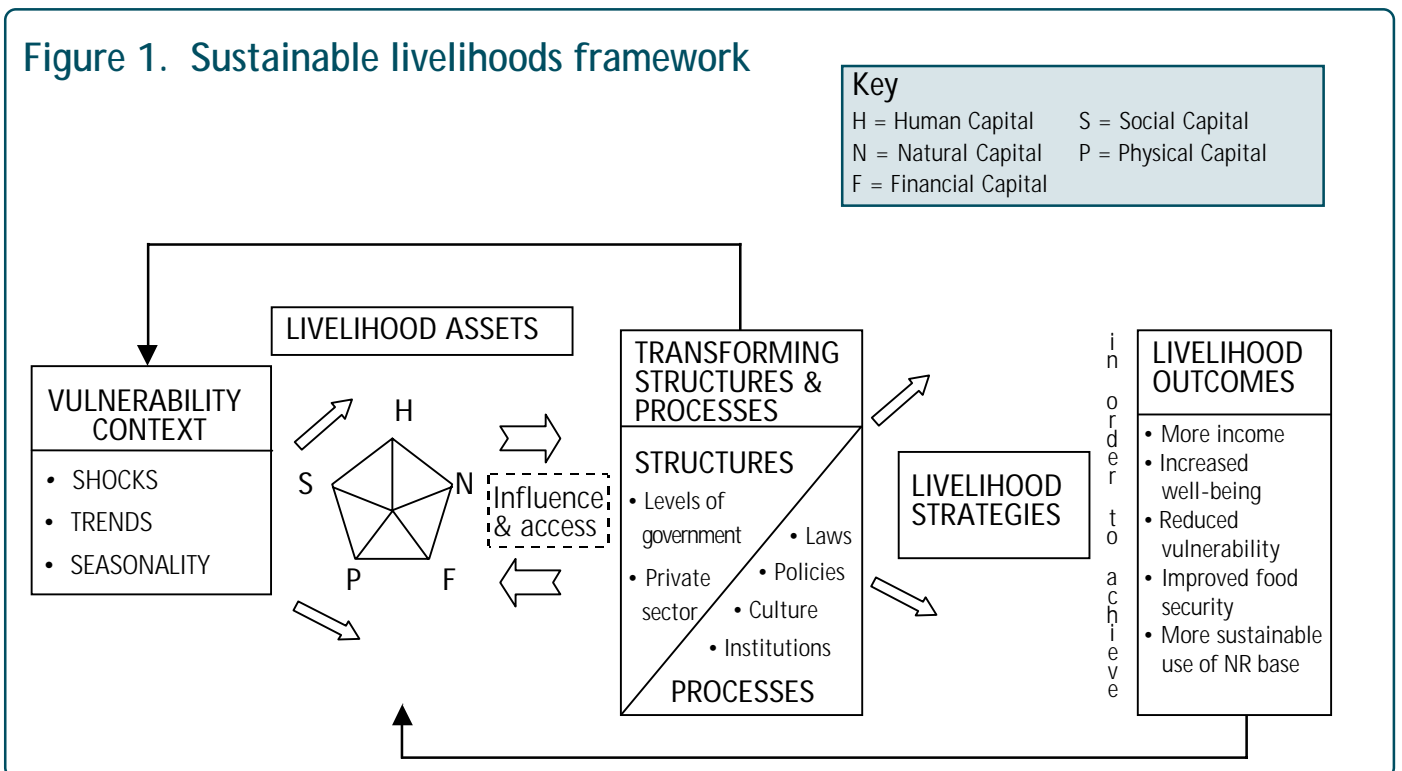
Table 1 juxtaposes the two approaches and suggests where some of the main differences lie.

For a fuller version of Table 1 see Chapter 1 (p. 19) of *Sustainable rural livelihoods: What contribution can we make?* Papers presented at DFID Natural Resources Advisers' Conference, July 1998.

Table 1.	Integrated Rural Development (1970s)	Sustainable Livelihoods (late 1990s)
Starting point	Structures, areas	People and their existing strengths and constraints
Conceptions of poverty	Holistic, multi-dimensional Recommendation domains suggest uniformity (an operational simplification)	Multi-dimensional, complex, local Embraces the concepts of risk and variability
Problem analysis	Undertaken by planning unit in short period of time, viewed as conclusive	Inclusive process, iterative and incomplete
Sectoral scope	Multi-sectoral, single plan Sector involvement established at outset	Multi-sectoral, many plans Small number of entry points Sectoral involvement evolves with project
Level of operation	Local, area-based	Both policy and field level, clear links between the two
Partner organisation	National and local governments	Local and national governments NGOs, civil society organisations, private sector
Project management structure	Dedicated project management unit, external to government	Project within partner organisation
Co-ordination (between sectors)	Integrated execution (donor-driven)	Driven by shared objectives, benefits of co-ordination identified by those involved
Sustainability	Not explicitly considered	Multiple dimensions Core concern

The livelihoods framework is a tool to improve our understanding of livelihoods, particularly the livelihoods of the poor. It was developed over a period of several months by the Sustainable Rural Livelihoods Advisory Committee, building on earlier work by the Institute of Development Studies (amongst others). This section of the Guidance Sheets provides an introduction to the framework itself. The individual components of the framework are described in more detail in the subsequent sheets in this section. Practical questions and challenges of operationalising the approach will be covered in Section 3 and following.

Figure 1. Sustainable livelihoods framework



**Why a framework?**

The arrows within the framework are used as shorthand to denote a variety of different types of relationships, all of which are highly dynamic. None of the arrows imply direct causality, though all imply a certain level of influence.

The sustainable livelihoods framework presents the main factors that affect people’s livelihoods, and typical relationships between these. It can be used in both planning new development activities and assessing the contribution to livelihood sustainability made by existing activities.

In particular, the framework:

- provides a checklist of important issues and sketches out the way these link to each other;
- draws attention to core influences and processes; and
- emphasises the multiple interactions between the various factors which affect livelihoods.

The framework is centred on people. It does not work in a linear manner and does not try to present a model of reality. Its aim is to help stakeholders with different perspectives to engage in structured and coherent debate about the many factors that affect livelihoods, their relative importance and the way in which they interact. This, in turn, should help in the identification of appropriate entry points for support of livelihoods.

## Understanding the framework

- The form of the framework is not intended to suggest that the starting point for all livelihoods (or livelihood analysis) is the *Vulnerability Context* which through a series of permutations yields *Livelihoods Outcomes*. Livelihoods are shaped by a multitude of different forces and factors that are themselves constantly shifting. People-centred analysis is most likely to begin with simultaneous investigation of people's assets, their objectives (the *Livelihood Outcomes* which they are seeking) and the *Livelihood Strategies* which they adopt to achieve these objectives.
- Important feedback is likely between:
  - (a) *Transforming Structures and Process* and the *Vulnerability Context*; and
  - (b) *Livelihood Outcomes* and *Livelihood Assets*.

There are other feedback relationships that affect livelihoods which are not shown. For example, it has been shown that if people feel less vulnerable (*Livelihood Outcome*) they frequently choose to have fewer children. This has implications for population trends which might be an important part of the *Vulnerability Context*.

## Using the framework to help eliminate poverty

The framework is intended to be a versatile tool for use in planning and management. It offers a way of thinking about livelihoods that helps order complexity and makes clear the many factors that affect livelihoods.

A more important task than perfecting the framework itself is putting the ideas that it represents into practice. If that calls for adaptation of certain boxes or revision of certain definitions to make the framework more useful, all the better; the framework becomes a living tool.

Use of the framework is intended to make a distinct contribution to improving DFID's ability to eliminate poverty. It is not simply a required step in project/programme preparation, nor does it provide a magic solution to the problems of poverty elimination. In order to get the most from the framework:

- The core ideas that underlie it should not be compromised during the process of adaptation. One of these core ideas is that (most) analysis should be conducted in a participatory manner.
- Use of the framework should be underpinned by a serious commitment to poverty elimination. This should extend to developing a meaningful dialogue with partners about how to address the underlying political and economic factors that perpetuate poverty.
- Those using the framework must have the ability to recognise deprivation in the field even when elites and others may want to disguise this and skew benefits towards themselves (this will require skill and rigour in social analysis).

The framework summarises the main components of and influences on livelihoods; it does not provide an exhaustive list of the issues to be considered. It should be adapted to meet the needs of any given circumstance.

The sustainable livelihoods framework continues to develop. Use it as a flexible tool and adapt it as necessary. You can focus on any part of the framework, but it is important to keep the wider picture in mind.

### What is the vulnerability context?

The *Vulnerability Context* frames the external environment in which people exist. People’s livelihoods and the wider availability of assets are fundamentally affected by critical trends as well as by shocks and seasonality – over which they have limited or no control. The box below provides examples (this is not a complete list):

Trends	Shocks	Seasonality
<ul style="list-style-type: none"> <li>• Population trends</li> <li>• Resource trends (including conflict)</li> <li>• National/international economic trends</li> <li>• Trends in governance (including politics)</li> <li>• Technological trends</li> </ul>	<ul style="list-style-type: none"> <li>• Human health shocks</li> <li>• Natural shocks</li> <li>• Economic shocks</li> <li>• Conflict</li> <li>• Crop/livestock health shocks</li> </ul>	<ul style="list-style-type: none"> <li>• Of prices</li> <li>• Of production</li> <li>• Of health</li> <li>• Of employment opportunities</li> </ul>

Different types of conflict can have profound adverse effects on the livelihoods of the poor. In areas of civil conflict people suffer from lawlessness and physical damage. Conflicts over access to resources are of increasing importance as populations expand and resource use intensifies. If unaddressed, such conflicts may further marginalise already poor groups.

### Why is it important?

The factors that make up the *Vulnerability Context* are important because they have a direct impact upon people’s asset status and the options that are open to them in pursuit of beneficial livelihood outcomes.

- **Shocks** can destroy assets directly (in the case of floods, storms, civil conflict, etc.). They can also force people to abandon their home areas and dispose of assets (such as land) prematurely as part of coping strategies. Recent events have highlighted the impact that international economic shocks, including rapid changes in exchange rates and terms of trade, can have on the very poor.
- **Trends** may (or may not) be more benign, though they are more predictable. They have a particularly important influence on rates of return (economic or otherwise) to chosen livelihood strategies.
- **Seasonal shifts** in prices, employment opportunities and food availability are one of the greatest and most enduring sources of hardship for poor people in developing countries.

### Is it always negative?

Not all the trends listed above are negative or cause vulnerability. For example, economic indicators can move in favourable directions, diseases can be eradicated and new technologies may be very valuable to poor people.

However, use of the term *Vulnerability Context* draws attention to the fact that this complex of influences is directly or indirectly responsible for many of the hardships faced by the poorest people in the world. It is common for there to be a vicious circle in action. The inherent fragility of poor people’s livelihoods makes them unable to cope with stresses, whether predictable or not. It also makes them less able to manipulate or influence their environment to reduce those stresses; as a result they become increasingly vulnerable. And even when trends move in the right direction, the poorest are often unable to benefit because they lack assets and strong institutions working in their favour.

## What can be done to alter the vulnerability context?

The *Vulnerability Context* is the part of the framework that lies furthest outside people's control. In the short to medium term and on an individual or small group basis there is little that can be done to alter it directly (though there are exceptions: for example, direct intervention to diffuse conflict).

Most externally-driven change in the *Vulnerability Context* is a product of activity at the level of *Transforming Structures and Processes* (e.g. changes in policy). Another way of managing the *Vulnerability Context* is to help people to become more resilient and better able to capitalise on its positive aspects. This is a core aim of the sustainable livelihoods approach. It can be achieved through supporting poor people to build up their assets. For example, increasing people's access to appropriate financial services – including insurance – is one way of reducing vulnerability. Another approach is to help ensure that critical institutions and organisations are responsive to the needs of the poor.

## What type of information is required to analyse the vulnerability context?

Livelihoods analysis does not have to be exhaustive to be effective. Rather than trying to develop a full understanding of all dimensions of the *Vulnerability Context*, the aim is to identify those trends, shocks and aspects of seasonality that are of particular importance to livelihoods. Effort can then be concentrated on understanding the impact of these factors and how negative aspects can be minimised. This requires a prior understanding of the nature of local livelihoods – what types of livelihood strategies are employed by local people and what factors constrain them from achieving their objectives. Such understanding cannot be gained without social analysis so that particular social groups and their relationship with factors within the *Vulnerability Context* can be identified.

While it is important to narrow down the extent of analysis, it is also important to think broadly about factors within the *Vulnerability Context* that *might* affect local people, so that less-obvious issues are not neglected. For example, when thinking about seasonality, it is important to consider both immediate and more distant effects.

In a rural setting, it may be necessary to find answers to the following types of question:

- Which groups produce which crops?
- How important is each crop to the livelihoods of the groups that produce it?
- Is the revenue from a given crop used for a particular purpose – e.g. if it is controlled by women is it particularly important to child health or nutrition?
- What proportion of output is marketed?
- How do prices for different crops vary through the year?
- How predictable is seasonal price fluctuation?
- Are the price cycles of all crops correlated?
- What proportion of household food needs is met by own consumption and what portion is purchased?
- At what time of year is cash income most important (e.g. school fees might be collected one or more times during the year)? Does this coincide with the time at which cash is most available?
- Do people have access to appropriate financial service institutions to enable them to save for the future? Does access to these vary by social group?
- How long and intense is the 'hungry period'?
- What effect do the 'hungry period' and other seasonal natural events (e.g. the advent of the rainy season) have on human health and the ability to labour?
- Has the length of the 'hungry period' been increasing or decreasing?
- How do income-earning opportunities vary throughout the year? Are they agricultural or non-farm?
- How does remittance income vary throughout the year (e.g. falling off at times when it is most needed because of food price rises)?

Methodologies for conducting this type of analysis will be investigated in more detail in Section 3.

Different components of the *Vulnerability Context* affect different people in different ways. Thus, natural shocks may have a more adverse effect on agricultural activity than on urban employment. Likewise, changes in international commodity prices will affect those who grow, process or export such commodities but have little direct effect on those who produce for, or trade in, the local market. Understanding the nature of vulnerability is a key step in sustainable livelihoods analysis.

Seasonality is usually associated with rural economies. It can, however, be equally problematic for poor people in urban areas, especially when these people spend a large proportion of their income on foodstuffs, the prices of which may be very volatile.



The livelihood framework identifies five core asset categories or types of capital upon which livelihoods are built. Increasing access – which can take the form of ownership or the right to use – to these assets is a primary concern for DFID in its support of livelihoods and poverty elimination.

The livelihoods approach is concerned first and foremost with people. It seeks to gain an accurate and realistic understanding of people’s strengths (assets or capital endowments) and how they endeavour to convert these into positive livelihood outcomes. The approach is founded on a belief that people require a range of assets to achieve positive livelihood outcomes; no single category of assets on its own is sufficient to yield all the many and varied livelihood outcomes that people seek. This is particularly true for poor people whose access to any given category of assets tends to be very limited. As a result they have to seek ways of nurturing and combining what assets they do have in innovative ways to ensure survival.

**The asset pentagon**

The asset pentagon lies at the core of the livelihoods framework, ‘within’ the vulnerability context. The pentagon was developed to enable information about people’s assets to be presented visually, thereby bringing to life important inter-relationships between the various assets.

<p>For definitions and explanations of the different types of capital, please refer to the following sheets:</p> <ul style="list-style-type: none"> <li>2.3.1: Human capital</li> <li>2.3.2: Social capital</li> <li>2.3.3: Natural capital</li> <li>2.3.4: Physical capital</li> <li>2.3.5: Financial capital</li> </ul>	
---	--

Although the term ‘capital’ is used, not all the assets are capital stocks in the strict economic sense of the term (in which capital is the product of investment which yields a flow of benefits over time). The five capitals are perhaps best thought of as livelihood building blocks; the term ‘capital’ is used because this is the common designation in the literature.

The shape of the pentagon can be used to show schematically the variation in people’s access to assets. The idea is that the centre point of the pentagon, where the lines meet, represents zero access to assets while the outer perimeter represents maximum access to assets. On this basis different shaped pentagons can be drawn for different communities or social groups within communities.

It is important to note that a single physical asset can generate multiple benefits. If someone has secure access to land (natural capital) they may also be well-endowed with financial capital, as they are able to use the land not only for direct productive activities but also as collateral for loans. Similarly, livestock may generate social capital (prestige and connectedness to the community) for owners while at the same time being used as productive physical capital (think of animal traction) and remaining, in itself, as natural capital. In order to develop an understanding of these complex relationships it is necessary to look beyond the assets themselves, to think about prevailing cultural practices and the types of structures and processes that ‘transform’ assets into livelihood outcomes (see 2.4).

Pentagons can be useful as a focus point for debate about suitable entry points, how these will serve the needs of different social groups and likely trade-offs between different assets. However, using the pentagon in this way is necessarily representative. At a generic level there is no suggestion that we can – or should – quantify all assets, let alone develop some kind of common currency that allows direct comparison between assets. This does not, of course, rule out the development of specific, quantifiable indicators of assets where these are thought to be useful.

## Change in asset status

Asset endowments are constantly changing, therefore pentagons are constantly shifting. A three dimensional framework, with the third dimension representing time, would enable this change to be visualised. A two dimensional framework does not. However, it is imperative to incorporate a time dimension into any analysis of assets. Information should be gathered on trends in overall asset availability (e.g. if societies fragment, the overall 'stock' of social capital might decline) as well as on which groups are accumulating assets, which are losing and why. Where processes of 'social exclusion' are at work, those who are already poorly endowed with assets may well be becoming gradually, but notably, more marginalised.

## Relationships within the framework

### Relationships between assets

Assets combine in a multitude of different ways to generate positive livelihood outcomes. Two types of relationship are particularly important:

- **Sequencing:** Do those who escape from poverty tend to start with a particular combination of assets? Is access to one type of asset (or a recognisable sub-set of assets) either necessary or sufficient for escape from poverty? If so, this may provide important guidance on where livelihood support should be focused, at least at the outset.
- **Substitution:** Can one type of capital be substituted for others? For example, can increased human capital compensate for a lack of financial capital in any given circumstance? If so, this may extend the options for support.

### Relationships with other framework components

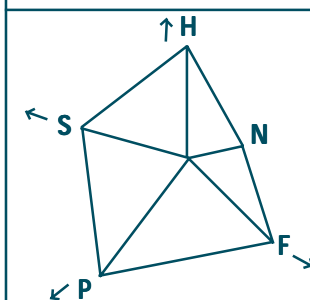
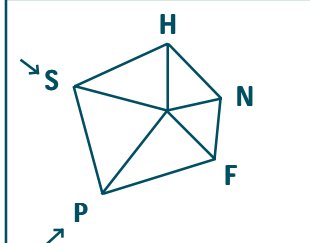
Relationships within the framework are highly complex. Understanding them is a major challenge of, and a core step in, the process of livelihoods analysis leading to action to eliminate poverty.

- **Assets and the Vulnerability Context:** assets are both destroyed and created as a result of the trends, shocks and seasonality of the *Vulnerability Context*.
- **Assets and Transforming Structures and Processes:** The institutions and policies of the *Transforming Structures and Processes* have a profound influence on access to assets. They:
  - (a) Create assets – e.g. government policy to invest in basic infrastructure (physical capital) or technology generation (yielding human capital) or the existence of local institutions that reinforce social capital.
  - (b) Determine access – e.g. ownership rights, institutions regulating access to common resources.
  - (c) Influence rates of asset accumulation – e.g. policies that affect returns to different livelihood strategies, taxation, etc.

However, this is not a simple one way relationship. Individuals and groups themselves influence *Transforming Structures and Processes*. Generally speaking the greater people's asset endowment, the more influence they can exert. Hence one way to achieve empowerment may be to support people to build up their assets.

- **Assets and Livelihood Strategies:** Those with more assets tend to have a greater range of options and an ability to switch between multiple strategies to secure their livelihoods.
- **Assets and Livelihood Outcomes:** Poverty analyses have shown that people's ability to escape from poverty is critically dependent upon their access to assets. Different assets are required to achieve different livelihood outcomes. For example, some people may consider a minimum level of social capital to be essential if they are to achieve a sense of well-being. Or in a remote rural area, people may feel they require a certain level of access to natural capital to provide security. Such relationships will need to be investigated case by case.

Different shaped pentagons  
– changes in access to assets



The upper pentagon shows reasonable, but declining, access to physical capital and limited access to natural capital. Social capital is also falling. Perhaps the people whose livelihood assets are represented live in an urban area but do not have the skills or finance to invest in infrastructure maintenance. The decline of social capital also constrains their ability to form shared work groups. The lower pentagon shows the situation after support that has extended access to financial capital (perhaps through group-based micro-finance schemes that also help build social capital) as well as providing skills and training (human capital). Together these enable the people to maintain and extend their physical capital. Access to natural capital remains unchanged.

In its *Statement of Purpose* DFID commits itself to promoting 'better education, health and opportunities for poor people' through various means. These range from providing direct support to education and health to helping to provide safe drinking water and emergency assistance in times of crisis.

**What is human capital?**

Human capital represents the skills, knowledge, ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives. At a household level human capital is a factor of the amount and quality of labour available; this varies according to household size, skill levels, leadership potential, health status, etc.

Human capital appears in the generic framework as a livelihood asset, that is, as a building block or means of achieving livelihood outcomes. Its accumulation can also be an end in itself. Many people regard ill-health or lack of education as core dimensions of poverty and thus overcoming these conditions may be one of their primary livelihood objectives.

**Why is it important?**

As well as being of intrinsic value, human capital (knowledge and labour or the ability to command labour) is required in order to make use of any of the four other types of assets. It is therefore necessary, though not on its own sufficient, for the achievement of positive livelihood outcomes.

**What can be done to build human capital for the poor?**

Support to the accumulation of human capital can be both direct and indirect. In either case it will only achieve its aims if people themselves are willing and able to invest in their own human capital by attending training sessions or schools, accessing preventative medical services, etc. If they are prevented from doing so by adverse structures and processes (e.g. formal policies or social norms that prevent girls from attending school) then indirect support to human capital development will be particularly important.

In many cases it will be necessary to combine both types of support. The most appropriate mechanism for such combined support may well be a sector programme. Sector programmes can adopt an integrated approach to human capital development, drawing on information gathered through livelihoods analysis to ensure that effort is focused where it is most needed (for example, on disadvantaged groups).

**DFID sustainable livelihoods objective: Improved access to high-quality education, information, technologies and training and better nutrition and health.** Achieved through, for example:

**Direct support to asset accumulation**

- To health/education/training infrastructure
- To health/education/training personnel
- To the development of relevant knowledge and skills (these should be developed with and made readily available to the poor)

**Indirect support (through *Transforming Structures and Processes*)**

- Reform of health/education/training policies
- Reform of health/education/training organisations
- Changes in local institutions – culture, norms – that limit access to health/education/training (e.g. for women)

**Feedback from achievement of livelihood outcomes (virtuous circles)**

- Health status is directly related to income/food security (with relevant knowledge)
- Higher income is often reinvested in education
- Reduced vulnerability can reduce the birth rate (with knock-on effects on nutrition and labour)

Another indirect way of promoting education is to increase its value, by helping to open up opportunities for those who have invested in education. This can be done through providing direct support in other areas, for example through extending access to financial capital thereby enabling people to put their knowledge to productive use. Helping to reduce the drudgery of day-to-day activities can also help free people up so that they have the time for education and can then make better use of that education.

Specialist training – as opposed to general education – will be effective only when trainers have access to relevant information. If investments in knowledge generation (research) are considered in terms of the contribution that they make to human capital it is immediately apparent that:

- The knowledge generated must be relevant to existing or potential future livelihood strategies. One way to ensure this is to adopt participatory processes of knowledge generation that build upon and complement existing local knowledge.
- Provision must be made for extending access to the knowledge generated. Just as school buildings do nothing for human capital if they are not brought to life with learning, so new technologies and ideas are redundant if they do not reach people. Sharing knowledge with the poor has proved to be a particular problem in the past, hence the need to consider new options for supporting information networks using new types of communication channels, etc.

### What type of information is required to analyse human capital?

There are many quite well-developed indicators of human health, though some – such as life expectancy – may be difficult to assess at local level. Rather than focusing on exact measures, it may be more appropriate to investigate variations. Do different social groups have obviously lower or higher life expectancy? Are the children of indigenous groups, for example, more poorly nourished than other children? Does the quality of health care available to different groups differ markedly?

Education indicators may be easier to assess. It is relatively simple to determine the average number of years a child spends in school, or the percentage of girls who are enrolled in school. What is far more difficult is understanding the quality, impact and value to livelihoods of these years in school, the correlation – if there is one – between years in school and knowledge, and the relationship between either of these and leadership potential.

Formal education is certainly not the only source of knowledge-based human capital. It is equally important to understand existing local knowledge, how this is shared, added to and what purpose it serves. For example, some knowledge can be highly useful for production – think of knowledge about modern, intensive farming techniques – but be neutral or negative in terms of its effect upon the environment and environmental sustainability. Or some knowledge – again, think of knowledge for production, either agricultural or industrial – may be effectively useless unless it is coupled with other types of knowledge (knowledge about how to market goods, about appropriate quality standards, etc.)

The following types of questions are likely to be important when thinking about human capital:

- How complex is the local environment (the more complex the problems, the greater the importance of knowledge)?
- From where (what sources, networks) do people access information that they feel is valuable to their livelihoods?
- Which groups, if any, are excluded from accessing these sources?
- Does this 'exclusion' affect the nature of information available? (e.g. if women are excluded, then knowledge of traditionally female production activities may be limited.)
- Are knowledge 'managers' (e.g. teachers or core members of knowledge networks) from a particular social background that affects the type of knowledge that exists in the community?
- Is there a tradition of local innovation? Are technologies in use from 'internal' or 'external' sources?
- Do people feel that they are particularly lacking in certain types of information?
- How aware are people of their rights and of the policies, legislation and regulation that impact on their livelihoods? If they do consider themselves to be aware, how accurate is their understanding?

Knowledge generation should be based upon a broad understanding of the current livelihood strategies of the poor and the internal and external factors that may cause these to change.

Clearly there is a close relationship between the way that knowledge is generated and transmitted and social capital (see 2.3.2). High levels of social capital can therefore substantially add to human capital. Minimum levels of other types of capital – plus broadly conducive transforming structures and processes – may be necessary to give people the incentive to invest in their own human capital.

Some people choose to distinguish between social capital and 'political capital', derived from access to wider institutions of society. Though we do not make this distinction here, this should not be taken to suggest a 'downgrading' of the importance of political factors and issues of access beyond the community.

As well as having its own intrinsic value, social capital may be particularly important as a 'resource of last resort' for the poor and vulnerable.

It can:

- provide a buffer that helps them cope with shocks, such as death in the family;
- act as an informal safety net to ensure survival during periods of intense insecurity; and
- compensate for a lack of other types of capital (e.g. shared labour groups compensating for limited human capital within the household).

### What is social capital?

There is much debate about what exactly is meant by the term 'social capital'. In the context of the sustainable livelihoods framework it is taken to mean the social resources upon which people draw in pursuit of their livelihood objectives. These are developed through:

- **networks and connectedness**, either vertical (patron/client) or horizontal (between individuals with shared interests) that increase people's trust and ability to work together and expand their access to wider institutions, such as political or civic bodies;
- **membership of more formalised groups** which often entails adherence to mutually-agreed or commonly accepted rules, norms and sanctions; and
- **relationships of trust, reciprocity and exchanges** that facilitate co-operation, reduce transaction costs and may provide the basis for **informal safety nets** amongst the poor.

The above are all inter-related. For example, membership of groups and associations can extend people's access to and influence over other institutions. Likewise trust is likely to develop between people who are connected through kinship relations or otherwise.

Of all the five livelihood building blocks, social capital is the most intimately connected to *Transforming Structures and Processes* (see 2.4). In fact, it can be useful to think of social capital as a product of these structures and processes, though this over-simplifies the relationship. Structures and processes might themselves be products of social capital; the relationship goes two ways and can be self-reinforcing. For example:

- when people are already linked through common norms and sanctions they may be more likely to form new organisations to pursue their interests; and
- strong civil society groups help people to shape policies and ensure that their interests are reflected in legislation.

### Why is it important?

Mutual trust and reciprocity lower the costs of working together. This means that social capital has a direct impact upon other types of capital:

- By improving the efficiency of economic relations, social capital can help increase people's incomes and rates of saving (financial capital). (Isolated studies have shown that communities with 'higher levels' of social capital are wealthier – but questions remain about measuring social capital.)
- Social capital can help to reduce the 'free rider' problems associated with public goods. This means that it can be effective in improving the management of common resources (natural capital) and the maintenance of shared infrastructure (physical capital).
- Social networks facilitate innovation, the development of knowledge and sharing of that knowledge. There is, therefore, a close relationship between social and human capital.

Social capital, like other types of capital, can also be valued as a good in itself. It can make a particularly important contribution to people's sense of well-being (through identity, honour and belonging).

### Is it always positive?

Social capital can be used in negative as well as positive ways.

- Those who are excluded from strong groups that convey multiple benefits may be disadvantaged in a variety of other ways (e.g. landless women with few skills).
- Networks may be based upon strictly hierarchical or coercive relationships that limit mobility and prevent people from escaping from poverty.
- Membership of a group or network often entails obligations (e.g. to assist others in times of distress) as well as rights (to call upon assistance). Calls for assistance may come at difficult times.

## What can be done to build the social capital of the poor?

Social capital has the fortunate quality of being, in some cases, self-reinforcing; stocks can be increased, rather than depleted, by the right type of use. Neglect, on the other hand, can undermine social capital and trust (unlike savings in the bank which, if neglected, continue to accrue). Social capital can also be actively, though often unintentionally, destroyed through heavy-handed interventions that impose new social relations without taking into account the strengths of the old.

Most attempts to build social capital focus on strengthening local institutions, either directly (through capacity building, leadership training or injection of resources) or indirectly through creating an open, democratic environment in which they flourish.

### DFID sustainable livelihoods objective: A more supportive and cohesive social environment.

Achieved through (for example):

#### Direct support to asset accumulation

- To improve the internal functioning of groups
  - leadership
  - management
- To extend external links of local groups

#### Indirect support (through *Transforming Structures and Processes*)

- To group/network formation and structure
- To the development of more open and reliable policy environment ('good governance')
- To organisations to help them develop systems for external consultation with civil society

#### Feedback from achievement of livelihood outcomes (virtuous circles)

- Self-reinforcing relationships (e.g. success in increasing the sustainability of natural resource use can strengthen the managing group)
- Greater household income may extend scope for participation in external activities

While empowerment of groups may be a primary objective, social capital can also be a by-product of other activities (e.g. participatory research groups formed to develop and test technologies may develop a life of their own). Most commonly, increases in social capital are pursued in conjunction with, or as a necessary component of, support in other areas. Thus joint responsibility savings and credit groups rely on social capital, as do integrated pest management efforts which require joint action to combat a problem.

## What type of information is required to analyse social capital?

Levels of social capital are hard to gauge from the outside. They may be discernible only after lengthy analysis (which may be beyond project/programme resources) and it is unlikely that they will be quantifiable. For example, simply counting the number of registered groups in a community is not likely to yield a measure of social capital; group nature and quality is as important as group numbers. Often we will be looking at trends – whether the state of social organisation appears to be becoming better or worse for livelihoods – rather than trying to gauge exact levels of social capital.

It is very important not to permit these difficulties to cause neglect of social factors when working with communities. Over time it will be vital to develop an understanding of the nature of civic relations at a wider community level, of the types of social resources upon which households rely and of who is excluded from these benefits. Groups with overlapping membership can be particularly problematic if it emerges that people with a particular social profile are excluded from all groups. Another important point for observation is people's coping strategies in times of crisis and the extent to which they have relied on social resources to see them through.

(For further suggestions in this area see the *Key Sheet* on social capital. *Key Sheets* are available on the Internet at: <http://www.oneworld.org/odi/keysheets/>)

There is clearly much to learn about building social capital, including:

- how best to support groups (especially of the poor who may lack time for group activities);
- what are appropriate indicators of effective group functioning; and
- what is the relationship between various types of government structure and ideology and the 'density' of social capital at the community level.

Examples of natural capital and services deriving from it:

- land
- forests
- marine/wild resources
- water
- air quality
- erosion protection
- waste assimilation
- storm protection
- biodiversity degree and rate of change.

For all these it is important to consider access and quality and how both are changing.

### What is natural capital?

Natural capital is the term used for the natural resource stocks from which resource flows and services (e.g. nutrient cycling, erosion protection) useful for livelihoods are derived. There is a wide variation in the resources that make up natural capital, from intangible public goods such as the atmosphere and biodiversity to divisible assets used directly for production (trees, land, etc.).

Within the sustainable livelihoods framework, the relationship between natural capital and the *Vulnerability Context* is particularly close. Many of the shocks that devastate the livelihoods of the poor are themselves natural processes that destroy natural capital (e.g. fires that destroy forests, floods and earthquakes that destroy agricultural land) and seasonality is largely due to changes in the value or productivity of natural capital over the year.

### Why is it important?

Clearly, natural capital is very important to those who derive all or part of their livelihoods from resource-based activities (farming, fishing, gathering in forests, mineral extraction, etc.). However, its importance goes way beyond this. None of us would survive without the help of key environmental services and food produced from natural capital. Health (human capital) will tend to suffer in areas where air quality is poor as a result of industrial activities or natural disasters (e.g. forest fires). And although our understanding of linkages between resources remains limited, we know that we depend for our health and well-being upon the continued functioning of complex ecosystems (which are often undervalued until the adverse effects of disturbing them become apparent).

### What can be done to build the natural capital of the poor?

Past donor rural development efforts focused largely on building natural capital. Indeed concern with natural capital itself has tended to detract attention from the more important issue of how natural capital is used, in combination with other assets, to sustain livelihoods. The livelihoods approach tries to take a broader view, to focus on people and to understand the importance of structures and processes (e.g. land allocation systems, rules governing extraction from fisheries, etc.) in determining the way in which natural capital is used and the value that it creates.

**DFID sustainable livelihoods objective: More secure access to, and better management of, natural resources.** Achieved through (for example):

#### Direct support to asset accumulation

- To conserve resources and biodiversity (through technology and direct action)
- To the provision of services/ inputs for forestry, agriculture, fisheries

#### Indirect support (through *Transforming Structures and Processes*)

- Reform of organisations that supply services to those involved in forests/agriculture/fisheries
- Changes in institutions that manage, and govern access to, natural resources
- Environmental legislation and enforcement mechanisms
- Support to market development to increase the value of forest/agricultural/fisheries produce

#### Feedback from achievement of livelihood outcomes (virtuous circles)

- More sustainable use of natural resources has a direct impact upon stocks of natural capital
- Some positive correlation between higher income and investment in natural capital

These structures and processes govern access to natural resources and can provide the incentives or coercion necessary to improve resource management. For example, if markets are well-developed, the value of resources is likely to be higher, prompting better management (though in some cases, developed markets can lead to distress sales by the poor resulting in increased poverty).

Though indirect support to natural capital through *Transforming Structures and Processes* is very important, direct support – focused on resources themselves as opposed to people's ability to use those resources – still has a place when it comes to conservation for future use (e.g. *in situ* biodiversity conservation). One of the foundations of the sustainable livelihoods approach is the belief in and pursuit of various types of sustainability (see 1.4). This includes, but is not limited to, environmental sustainability (i.e. sustainability of natural capital and the services that derive from it, such as carbon sinks and erosion control).

### What kind of information is required to analyse natural capital?

It is not only the existence of different types of natural assets that is important, but also access, quality and how various natural assets combine and vary over time (e.g. seasonal variations in value). For example, degraded land with depleted nutrients is of less value to livelihoods than high quality, fertile land, and the value of both will be much reduced if users do not have access to water and the physical capital or infrastructure that enables them to use that water.

With natural resources it is also very important to investigate long-term trends in quality and use. This is familiar territory for those skilled in the practice of rural appraisal techniques (mapping, transect walks, etc.). Typical issues for analysis might include:

- Which groups have access to which types of natural resources?
- What is the nature of access rights (e.g. private ownership, rental, common ownership, highly contested access)? How secure are they? Can they be defended against encroachment?
- Is there evidence of significant conflict over resources?
- How productive is the resource (issues of soil fertility, structure, salinisation, value of different tree species, etc.)? How has this been changing over time (e.g. variation in yields)?
- Is there existing knowledge that can help increase the productivity of resources?
- Is there much spatial variability in the quality of the resource?
- How is the resource affected by externalities? (For example: the productive potential of different parts of watersheds is affected by the activities of other users and the way in which resource systems operate; the value of fisheries depends upon the number of other users who have access and the choices they make about their catches; biodiversity is often damaged by intensive agriculture.)
- How versatile is the resource? Can it be used for multiple purposes? (This can be important in cushioning users against particular shocks.)

Environmental economists have invested considerable effort in trying to determine overall values for natural assets that take into account:

- direct use value (e.g. of land used for agricultural production or of recreational areas);
- indirect use value (e.g. biodiversity, erosion protection and other ecological services); and
- non-use value, or existence value (often calculated on the basis of the amount people would be willing to pay to see the continued existence of a given resource, regardless of whether they use it).

This type of valuation exercise helps remind us of the many uses of natural resources and also of our obligations as 'custodians' rather than 'owners'. However, most livelihoods analysis of natural capital will not go this far. Indirect use values are likely to feature prominently in calculations only when they are problematic or where they offer significant income prospects. For example:

- Problems might arise where tree felling has caused knock-on erosion problems, or over-exploitation of coastal areas is leading to increased storm damage in adjacent areas.
- Significant income earning opportunities might exist in areas of high natural biodiversity.

Various organisations (including the World Bank, the Royal Tropical Institute in the Netherlands, various CGIAR centres and the University of Bradford, Development and Project Planning Centre) are currently working on the development and refinement of (participatory) indicators of environmental sustainability and resource quality.



Infrastructure – such as roads, rails and telecommunications – are key to the integration of the remote areas where many of the poor live. Not only are people able to move between rural and urban areas more easily if the transport infrastructure is good, but they are also more likely to be better informed about opportunities (or the lack of them) in areas to which they are thinking of migrating, either temporarily or permanently.

Development of physical capital must be led by demand from the intended users. Without a perceived need for the service it is unlikely that the required infrastructure maintenance will be carried out, meaning that the service is likely to become unsustainable.

### What is physical capital?

Physical capital comprises the basic infrastructure and producer goods needed to support livelihoods.

- Infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive.
- Producer goods are the tools and equipment that people use to function more productively.

The following components of infrastructure are usually essential for sustainable livelihoods:

- affordable transport;
- secure shelter and buildings;
- adequate water supply and sanitation;
- clean, affordable energy; and
- access to information (communications).

Infrastructure is commonly a public good that is used without direct payment. Exceptions include shelter, which is often privately owned, and some other infrastructure that is accessed for a fee related to usage (e.g. toll roads and energy supplies). Producer goods may be owned on an individual or group basis or accessed through rental or 'fee for service' markets, the latter being common with more sophisticated equipment.

### Why is it important?

Many participatory poverty assessments have found that a lack of particular types of infrastructure is considered to be a core dimension of poverty. Without adequate access to services such as water and energy, human health deteriorates and long periods are spent in non-productive activities such as the collection of water and fuel wood. The opportunity costs associated with poor infrastructure can preclude education, access to health services and income generation. For example, without transport infrastructure, essential fertiliser cannot be distributed effectively, agricultural yields remain low and it is then difficult and expensive to transport limited produce to the market. The increased cost (in terms of all types of capital) of production and transport means that producers operate at a comparative disadvantage in the market.

Insufficient or inappropriate producer goods also constrain people's productive capacity and therefore the human capital at their disposal. More time and effort are spent on meeting basic needs, production and gaining access to the market.

### What can be done to build physical capital for the poor?

In the past DFID has supported the direct provision of producer goods for poor people. This can be problematic for a number of reasons:

- Acting as a direct supplier of producer goods can cause dependence and disrupt private markets.
- Direct provision can detract attention from the need to reform *Structures and Processes* to ensure that gains are sustainable and producer goods are put to the best use.
- Many producer goods are private goods – direct provision through an external agency entails favouring one set of potential recipients over another. This can be divisive and counter-productive. In addition, when goods are 'rationed', the rich often manage to gain access at the expense of the poor, for whom the goods were intended.

The livelihoods approach therefore focuses on helping to provide access to appropriate infrastructure that enables poor people to achieve their livelihood objectives. Participatory approaches are essential to establish users' priorities and needs.

Physical capital (in particular infrastructure) can be expensive. It requires not only the initial capital investment but an ongoing commitment of financial and human resources to meet the operation and maintenance costs of the service. The emphasis is therefore on providing a level of service that not only meets the immediate requirements of users but is affordable in the long term. It can also be important to provide simultaneous support to skill- and capacity-development to ensure effective management by local communities.

Infrastructure is only an asset in as far as it facilitates improved service provision to enable the poor to meet their needs. For example, a participatory assessment may reveal that a key constraint to the livelihoods of a particular group is the difficulty of carrying produce to market, especially during the rainy season. A livelihoods 'response' to this problem will include not only improvements to the physical infrastructure to improve water crossings, or drain a track during the rains, but also would also consider encouraging an affordable transport service using appropriate vehicles, for example ox carts.

'Assistance for basic infrastructure provision is most effective when it is part of a broader plan for improving the effectiveness and coherence of government.'

*Basic infrastructure for poor people.* London: DFID (March 1998).

### DFID sustainable livelihoods objective: Better access to basic and facilitating infrastructure.

Achieved through (for example):

#### Direct support to asset accumulation

- Service provision (e.g. development of intermediate means of transport)
- Infrastructure provision (e.g. pumped wells and latrines)

#### Indirect support (through *Transforming Structures and Processes*)

- Reform within managing ministries (possibly through sector programmes)
- Support to sector strategies and regulatory frameworks – including participatory processes with the poor
- Support to the development of private sector alternatives
- Capacity building for community-based construction and management

#### Feedback from achievement of livelihood outcomes (virtuous circles)

- Increased income is often spent on shelter, water and power supplies
- Better domestic infrastructure is often a core component of well-being

## What kind of information is required to analyse physical capital?

The approach to analysing physical capital must be participatory. Users may place a greater importance on some services than others and these priorities must be taken into account. For example, people may prefer to use a surface water supply a long way away rather than to pump a well near at hand.

- Does the infrastructure support a service? There is little benefit in a school building if there are no teachers, or the pupils cannot get to it when classes are being held.
- Is the infrastructure appropriate? Can the physical capital provided meet the needs of the users in the long term. This involves not just the sustainability of the service as it stands but an analysis of the ability of the capital to be adapted and upgraded in response to changing demand.

Access is also a key concern. Sometimes costly infrastructure exists in an area, but this does not mean that the poor have access to it. This might be because the user-fees are too expensive for them, or because richer groups use their strength and influence to control or monopolise access.

Two important characteristics of savings are varying levels of:

- productivity (how much value do they gain when they are left untouched?)
- liquidity (how readily they can be turned into cash?).

Generally speaking, both are desirable characteristics, though liquidity also has a downside: the more liquid one's savings, the more difficult it tends to be to defend them from claims from family members or others.

There may also be trade-offs between liquidity and productivity as well as between productivity and risk.

### What is financial capital?

Financial capital denotes the financial resources that people use to achieve their livelihood objectives. The definition used here is not economically robust in that it includes flows as well as stocks and it can contribute to consumption as well as production. However, it has been adopted to try to capture an important livelihood building block, namely the availability of cash or equivalent, that enables people to adopt different livelihood strategies.

There are two main sources of financial capital.

- **Available stocks:** Savings are the preferred type of financial capital because they do not have liabilities attached and usually do not entail reliance on others. They can be held in several forms: cash, bank deposits or liquid assets such as livestock and jewellery. Financial resources can also be obtained through credit-providing institutions.
- **Regular inflows of money:** Excluding earned income, the most common types of inflows are pensions, or other transfers from the state, and remittances. In order to make a positive contribution to financial capital these inflows must be reliable (while complete reliability can never be guaranteed there is a difference between a one-off payment and a regular transfer on the basis of which people can plan investments).

### Why is it important?

Financial capital is probably the most versatile of the five categories of assets.

- It can be converted – with varying degrees of ease, depending upon *Transforming Structures and Processes* – into other types of capital.
- It can be used for direct achievement of livelihood outcomes – for example when food is purchased to reduce food insecurity.
- Rightly or wrongly, it can also be transformed into political influence and can free people up for more active participation in organisations that formulate policy and legislation and govern access to resources.

However, it is also the asset that tends to be the least available to the poor. Indeed, it is because the poor lack financial capital that other types of capital are so important to them.

There are, in addition, assets or desirable outcomes that may not be achievable through the medium of money (such as different components of well-being and knowledge of human rights).

### What can be done to build financial capital for the poor?

Development agencies are not in the business of handing out money to poor people (direct support to financial capital). Access to financial capital is instead supported through indirect means. These may be:

- **Organisational** – increasing the productivity of existing savings and financial flows by helping to develop effective, tailored financial services organisations for the poor. So long as they are well-trusted, accessible and widely-known they may encourage people to save. Another option might be to help develop organisations that transit remittance income more efficiently to final recipients.
- **Institutional** – increasing access to financial services, including overcoming barriers associated with poor people's lack of collateral (either by providing some sort of umbrella guarantee or by identifying mechanisms that enable people's existing assets to act as collateral).
- **Legislative/regulatory** – working to reform the environment in which financial services operate or to help governments provide better safety nets for the poor (including pensions).

The issue of **institutional sustainability** is of particularly importance in the area of micro-finance. Unless people believe that financial service organisations will persist over time, and will continue to charge reasonable rates of interest, they will not entrust their savings to them, or be reliable in making their loan repayments.

Although financial capital tends to be quite versatile, it cannot alone solve all the problems of poverty. People may not be able to put their financial resources to good use because:

- they lack knowledge (and cannot purchase this knowledge with small amounts of money); or
- they are constrained by inappropriate *Transforming Structures and Processes* (e.g. under-developed markets, a policy environment that hinders micro-enterprise, etc.).

It is important to take these factors into consideration when planning support. On the positive side, it is also important to be aware of the way in which existing social structures and relations (forms of social capital) can help facilitate group-based lending approaches.

When savings are held in unconventional forms, particular to the needs and culture of owners, different modes of support may be appropriate. For example, pastoralists may be more likely to benefit from improved animal health or marketing systems that reduce the risks associated with their savings (held in the form of livestock) than the establishment of a local bank.

There is ample literature on the subject of building financial services. For a summary of issues in rural areas, please refer to the *Key Sheet* on rural finance. This *Key Sheet* stresses the importance of considering credit as one of a range of financial services to which the poor should have access.

### DFID sustainable livelihoods objective: More secure access to financial resources.

Achieved through (for example):

#### Direct support to asset accumulation

- NONE

#### Indirect support (through *Transforming Structures and Processes*)

- Support to the development of financial services organisations (savings, credit, insurance)
- Extending access to financial services organisations
- Reform of financial sector legislation/regulation
- Support to develop marketing (e.g. for pastoralists)

#### Feedback from achievement of livelihood outcomes (virtuous circles)

- Increased income increases the scope for saving
- More sustainable resource management prolongs financial flows from natural capital

## What kind of information is required to analyse financial capital?

First it is important to gain a straightforward understanding of:

- Which types of financial service organisations exist (both formal and informal)?
- What services do they provide, under what conditions (interest rates, collateral requirements, etc.)?
- Who – which groups or types of people – has access? What prevents others from gaining access?
- What are the current levels of savings and loans?

Understanding the nature of savings behaviour requires finding answers to questions such as:

- In what form do people currently keep their savings (livestock, jewellery, cash, bank deposits, etc.)?
- What are the risks of these different options? How liquid are they? How subject to changes in value depending upon when they are liquidated?

In the past, the existence and effects of what can be quite sizeable flows of remittance income have often been over-looked. To correct this, it is important to understand:

- How many households (and what type) have family members living away who remit money?
- How is remittance income transmitted?
- How reliable are remittances? Do they vary by season? How much money is involved?
- Who controls remittance income when it arrives? How is it used? Is it reinvested?

It is through activity at the level of structures and processes that DFID aims to secure its sixth livelihood objective: a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all.

*Transforming Structures and Processes* within the livelihoods framework are the institutions, organisations, policies and legislation that shape livelihoods. Their importance cannot be over-emphasised. They operate at all levels, from the household to the international arena, and in all spheres, from the most private to the most public. They effectively determine:

- access (to various types of capital, to livelihood strategies and to decision-making bodies and sources of influence);
- the terms of exchange between different types of capital; and
- returns (economic and otherwise) to any given livelihood strategy.

In addition, they have a direct impact upon whether people are able to achieve a feeling of inclusion and well-being. Because culture is included in this area they also account for other 'unexplained' differences in the 'way things are done' in different societies.

**Examples: Access to shelter and land**

In order to understand the basis for the asset distribution at the level of the individual or community, it is necessary to extend the analysis well beyond to the relevant *Transforming Structures and Processes*. Table 2 provides an example of the various types and levels of structure and process that affect access to shelter and land.

Table 2	ACCESS TO	
	Shelter	Land
<b>STRUCTURES</b>		
Public sector	<ul style="list-style-type: none"> <li>• Efficacy of organisations that make and enforce legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Efficacy of organisations that make and enforce legislation</li> </ul>
Private commercial	<ul style="list-style-type: none"> <li>• Existence of building organisations, material suppliers, transport, credit organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of credit organisations and land traders</li> </ul>
Civil society	<ul style="list-style-type: none"> <li>• Existence of self-help, self-build groups</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of local resource management organisations</li> </ul>
<b>PROCESSES</b>		
Policy	<ul style="list-style-type: none"> <li>• National land use policies</li> <li>• Policies on settlement priorities, credit availability, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• National land use policies</li> <li>• Policies on decentralisation of resource management</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>• National/district land legislation</li> <li>• The rule of law in general (security of persons/transactions)</li> <li>• Housing, health and social law</li> </ul>	<ul style="list-style-type: none"> <li>• National/district land legislation</li> <li>• The rule of law in general (security of persons/transactions)</li> </ul>
Institutions	<ul style="list-style-type: none"> <li>• Local conventions on land allocation/inheritance</li> <li>• Informal restrictions on shelter ownership</li> <li>• Existing ownership rights and power relations</li> <li>• The state of housing/land markets</li> </ul>	<ul style="list-style-type: none"> <li>• Local conventions on land allocation/inheritance</li> <li>• Informal restrictions on land ownership</li> <li>• Existing ownership rights and power relations</li> <li>• The state of land markets</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• Within household power relations and conventions on access to shelter</li> </ul>	<ul style="list-style-type: none"> <li>• Within household power relations and conventions on access to land</li> </ul>

### *The value of shelter and land*

The value to livelihoods of assets depends upon a further range of structures and processes, for example:

- **Shelter:** the value of shelter is particularly affected by the existence of organisations that supply services, such as water, waste disposal and electricity, and policies/institutions that regulate access to these. The value of the location of any shelter may be affected by cultural beliefs.
- **Land:** the value of land will be affected by policies and laws on agriculture, environment, import/export, marketing, etc. It will also depend upon the existence and effectiveness of agricultural technology organisations, private sector trading/financing organisations and membership organisations that can influence policy and draw down services for those engaged in agriculture. Cultural issues will affect land and labour use and local institutions will govern share-cropping percentages (where relevant).

### Analysing transforming structures and processes

Methods for conducting cost effective, linked policy and institutional analysis at multiple levels are not well developed. However, a useful starting point for analysis may be to investigate the overall relationship between *Transforming Structures and Processes* and communities/individuals. This is the context – or governance structure – that confers legitimacy on different organisations and provides the framework within which they operate.

The following general ideas – drawn from work in progress at IIED – may be useful when thinking about both governance and the individual structures and processes that affect livelihoods.

- **Roles:** Who (which organisations) *actually* does what? (i.e. reality as opposed to theory)
- **Responsibilities:** What responsibilities do different organisations have? Is there adequate responsibility at lower levels and outside formal structures? How are responsibilities established and enforced? Are they reflected in policy/legislation?
- **Rights:** How aware are different groups/organisations of their basic human and political rights? Do given groups have other rights (including rights to collect revenue)? Are these commensurate with responsibilities? How are they enforced/safeguarded?
- **Relations:** What is the current state of relations between different groups? How do policies (and the bodies that make them) relate to legislation (and the bodies that implement this)?

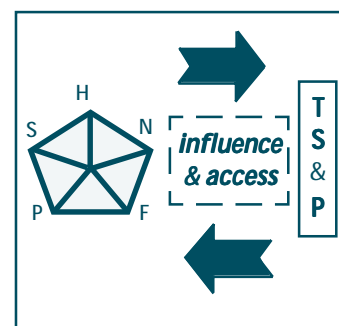
It is always important to think beyond the state of the structures and processes themselves to the effect that these have on the livelihoods of different groups.

### Relationships within the framework

The influence of *Transforming Structures and Processes* extends throughout the framework:

- There is direct feedback to the **Vulnerability Context**. Processes (policies), established and implemented through structures, affect trends both directly (e.g. fiscal policy/economic trends) and indirectly (e.g. health policy/population trends). They can also help cushion the impact of external shocks (e.g. policy on drought relief and the density of relief providing agencies). Other types of processes are also important. For example, well-functioning markets can help reduce the effects of seasonality by facilitating inter-area trade.
- Institutions can absolutely restrict people's choice of **Livelihood Strategies** (e.g. in rigid caste systems). More common are policies and regulations that affect the attractiveness of particular livelihood choices through their impact upon expected returns.
- There may also be a direct impact on **Livelihood Outcomes**. Responsive political structures that implement pro-poor policies, including extending social services into the areas in which the poor live, can significantly increase people's sense of well-being. They can promote awareness of rights and a sense of self-control. They can also help reduce vulnerability through the provision of social safety nets. Relationships between various policies and the sustainability of resource use are complex and sometimes quite significant.

Governance has much to do with the two-way 'influence & access' arrows between people's assets and *Transforming Structures and Processes*.



A priority for future work will be to develop both:

- a better understanding of overall governance structures and their effect on livelihoods; and
- better ways to understand the relationships between the micro and the macro to enable us to pinpoint, with confidence, where constraints to the development of more sustainable livelihoods lie.

Farmers make their cultivation choices based upon a number of factors, including the availability of germplasm. If they are purchasing germplasm, their choice will be limited to the varieties stocked by local traders. These, in turn, will depend upon the R&D choices made by giant, multinational seed companies. Farmers are therefore affected by the actions of both local and very distant private organisations.

### What are structures?

Structures in the framework are the hardware – the organisations, both private and public – that set and implement policy and legislation, deliver services, purchase, trade and perform all manner of other functions that affect livelihoods. They draw their legitimacy from the basic governance framework.

Structures exist at various levels. This is most obvious in the case of governmental organisations. These operate in cascading levels with varying degrees of autonomy and scope of authority, depending upon the extent and nature of decentralisation. Private commercial organisations also operate at different levels from the multi-national to the very local; it is not only the local level that is relevant to livelihoods. Analysis should therefore be sensitive to the roles and responsibilities of the different levels of structures and seek to identify those that are of greatest importance to livelihoods.

#### Public sector

- Political (legislative) bodies at various levels from local through to national
- Executive agencies (ministries, departments)
- Judicial bodies (courts)
- Parastatals/quasi-governmental agencies

#### Private sector

- Commercial enterprises and corporations
- Civil society/membership organisations (of varying degrees of formality)
- NGOs (international, national, local)

### Why are structures important?

Structures are important because they make processes function. Without legislative bodies there is no legislation. Without courts to enforce it, legislation is meaningless. Without traders, markets would be limited to direct trades between buyers and sellers. An absence of appropriate structures can be a major constraint to development. This is a particular problem in remote rural areas. Many important organisations – both private and public sector – do not reach these areas. As a result services go undelivered, markets do not function and people's overall vulnerability and poverty increases. Moreover, when people do not have access to organisations of the state they often have little knowledge of their rights and only a very limited understanding of the way in which government functions. This disenfranchises them and makes it hard for them to exert pressure for change in the processes (policies, legislation, etc.) that affect their livelihoods.

### What can be done to build structures for the poor?

One of the most common problems in development is that *Transforming Structures and Processes* do not work to the benefit of the poor. This can be a deliberate outcome driven by the failure of prevailing – elite controlled – governance arrangements to recognise the legitimate interests of the poor. Or it can be more accidental, the result of an evolutionary process in which the poor have played little part. External support can help solve these problems through building structures for the poor. However, structures on their own – without accompanying processes – have only 'potential' or 'option' value; the two must be considered together. It is not effective to invest in building impressive organisations if the processes that govern their activity prevent them from providing benefits to the poor. For example, it is not a good use of money to provide capacity-building support to micro-finance organisations if national legislation precludes the provision of financial services except by registered banks. Likewise, it makes little sense to invest in building up networks of para-veterinarians if legislation outlaws practice by non-registered vets. In such instances the primary, or at least simultaneous, focus must be on processes and ensuring that these work to the benefit of the poor.

As long as due consideration is given to processes, the following types of activity at the level of structures can achieve positive outcomes.

- **Building structures that represent the poor:** Membership organisations can help people to draw down services, increase local information flows and innovation, exert influence on higher-level structures and processes and perform numerous other functions. These can all be thought of as dimensions of empowerment. However, capacity-building support is frequently required to ensure that membership organisations remain representative of all their members – including the poorest – and that they develop financial and internal management systems that facilitate effective operation and interaction with other organisations.
- **Promoting reform within structures that make policy and provide services to the poor:** Increasing the responsiveness of various organisations to the poor is an important objective. Sometimes this can be achieved through helping organisations to extend the scope of their activity. There may also be a need for structural change within organisations (e.g. decentralisation, rationalisation of departments, etc.). More often it is a question of facilitating change in the way that organisations operate, their organisational behaviour, reward systems and culture – i.e. processes rather than structures.
- **Providing support to the establishment or expansion of scope of private sector organisations:** Competitive markets are valued for their economic efficiency and ‘built in’ responsiveness to clients. But they will not function in the absence of traders (individuals and organisations). Where missing markets seem to be a particular constraint, it may be appropriate to provide short-term support (information, start-up finance, training, etc.) to certain types of private sector organisation to stimulate their development.
- **Supporting joint forums for decision-making and action:** There are many dangers associated with the creation of entirely new organisations. However, it can be important to support the establishment and operation of new forums that bring together existing interests and organisations. Such forums may be problem-oriented and temporary (e.g. if they are formed to resolve a particular conflict) or more lasting (e.g. if they oversee common resource management). Problem-oriented organisations may also develop into more permanent bodies if are successful and gain the trust of local people.

In some cases appropriate membership organisations may not exist, in which case they can be externally catalysed, though this can create problems of unsustainability and dependence and is usually best avoided.

## What type of information is required to analyse structures?

It is relatively straightforward – though time-consuming – to analyse through observation and survey which structures exist and what they do. What is more difficult to understand is how different structures relate to each other (the processes that govern their interactions) and how, in conjunction with various processes, they impact upon the poor, and *vice versa*.

Depending upon the importance attributed to various structures it may be important to understand their:

- legal/constitutional basis, authority and jurisdiction (including degree of decentralisation);
- membership/ownership structure;
- leadership/management structure;
- objectives and activities;
- financial basis (sustainability); and
- geographic location/extent.

At the same time it is obviously important to understand how they operate (processes), the extent to which they are held in popular trust and the nature of their relations with other structures.

This type of information is required in order to establish whether and how existing structures can act as building blocks for the promotion of the interests of the poor.

At various times and in various places, private sector – particularly civil society – organisations have been either ignored or outlawed. As a result, many of the private sector organisations that exist now are quite ‘young’, under-developed and rather informal. This can make them more difficult to understand. However, it may also mean that they have significant unrealised potential to contribute to livelihoods.



### What are processes?

If structures can be thought of as hardware, processes can be thought of as software. They determine the way in which structures – and individuals – operate and interact. And like software, they are both crucial and complex: not only are there many types of processes operating at a variety of different levels, but there is also overlap and conflict between them. The box shows just some of the transforming processes of importance to livelihoods.

Policies	Legislation	Institutions	Culture	Power Relations
<ul style="list-style-type: none"> <li>• Macro</li> <li>• Sectoral</li> <li>• Redistributive</li> <li>• Regulatory</li> </ul>	<ul style="list-style-type: none"> <li>• International agreements</li> <li>• Domestic</li> </ul>	<ul style="list-style-type: none"> <li>• Markets</li> <li>• Institutions that regulate access to assets</li> <li>• 'Rules of game' within structures</li> </ul>	<ul style="list-style-type: none"> <li>• Societal norms and beliefs</li> </ul>	<ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Caste</li> <li>• Class</li> </ul>

When people engage in market transactions they have certain expectations of how different parties will behave. Markets cannot function in the absence of this reliability (and associated sanctions for those who 'break the rules').

- **Policies** inform the development of new **legislation** and provide a framework for the actions of public sector implementing agencies and their sub-contractors.
- **Institutions** have been variously defined as the 'rules of the game', 'standard operating practices', 'routines, conventions and customs' or 'the way things are done'. They are informal practices that structure relationships and make the behaviour of organisations somewhat predictable. Thus, informal arrangements on land access are institutions, as are markets. 'Rules of the game' operate both within structures and in interactions between structures.
- Institutions are embedded in and develop out of the **culture** of communities or larger societies.
- This culture will often include widely recognised hierarchies of **power relations** that confer a particular status on people and constrain their behaviour and opportunities according to factors that are essentially out of their control (age, gender, etc.).

### Why are processes important?

Processes are important to every aspect of livelihoods – these are just some examples.

- They provide the incentives – from markets through cultural constraints to coercion – that stimulate people to make particular choices (about which livelihood strategy to pursue, where to pursue it, how much to invest in different types of livelihood assets, how to manage a resource, etc.).
- They grant – or deny – access to assets.
- They enable people to transform one type of asset into another (through markets).
- They have a strong influence on inter-personal relations – how different groups treat each other.

One of the main problems faced by the poor is that the processes that frame their livelihoods systematically restrict them and their opportunities for advancement. This is a characteristic of social exclusion and it is one reason why it is so important that governments adopt pro-poor policies. If higher-level policy is genuinely pro-poor and designed to protect the rights of excluded minorities, this may in time filter down and influence not only legislation but also less formal processes.

### What can be done to build processes for the poor?

The fact that processes can 'transform' livelihoods makes them a key focus for donor activity. The aim is to build or reform policies, laws and institutions (culture is not an area for direct donor activity) so that they provide better opportunities for the poor.

It may sometimes be in the interests of the poor to substitute 'formal' processes for 'informal' ones, extending the reach of the state into new areas (for example, when a government enacts legislation on equal opportunities or gender discrimination or when customary land tenure arrangements are superseded by formal legislation). Before such changes are made, the impact on livelihoods of existing arrangements should be fully understood – formal is not always better.

This may entail, amongst other things:

- providing information to support a more pro-poor policy-making process;
- deepening and strengthening the contact between the poor and policy makers (reinforcing the arrow that runs from the asset pentagon towards *Transforming Structures and Processes*);
- supporting participatory processes of policy formulation;
- increasing the accountability and transparency of public decision-making (a key objective of decentralisation, also achieved by separating delivery from the regulation and financing of services);
- assisting with the planning, drafting and implementation of legislation of importance to the poor (e.g. land tenure legislation);
- promoting the adoption of redistributive policies and the establishment of social safety nets that directly benefit the poor;
- promoting the expansion of fair and competitive markets;
- providing support to help local organisations adopt pro-poor ways of operating; and
- improving the institutional context of private decision-making (reducing risk, streamlining regulation, ensuring fairness, etc.).

One comprehensive means of addressing problems in this area is through sector programmes. The potential of these to benefit the poor has not yet been fully realised. While their intentions may be very good, they can become too concerned with the structures that execute processes and fail to ensure that the processes themselves adequately represent the interests of the poor.

Amongst other things, sector programmes are concerned with defining the appropriate role of the state and helping it to execute this role better. This improves the efficiency of public sector management. It also helps to **promote markets** both directly (the state has a role in facilitating markets) and indirectly (as the state retreats from areas of the market in which there is no justification for it to remain).

Markets can provide enormous opportunities for poor people (think, for example, of the production boom when Chinese agriculture was liberalised), but they can also discriminate against the interests of poor people. Local culture frequently prevents women from accessing markets and markets often fail to reach the poorest rural areas, thereby further marginalising them. Donors may be able to help address this problem by both supporting the extension of structures into remote areas and reducing the costs associated with market development (standardising weights and measures, helping to make financial regulations more conducive to trading, etc.).

### What type of information is required to analyse processes?

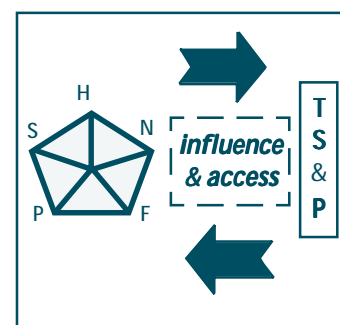
In order to understand the impact of existing processes on livelihoods, it is necessary to be able to trace through the effects of given processes on particular groups. The understanding gained through this analysis will then assist with the development of more effective processes, if this is a priority.

Analysis of policies and legislation is complicated by the need to know:

- what is written in statute books;
- what the intended effects of policies and associated laws are; and
- what happens in practice.

Some policies and legislation – including some of governments' more impressive pronouncements – are never acted upon or are not enforced. In other cases they may have perverse outcomes (e.g. legislation preventing tree-felling may reduce the amount of trees planted, changes in factor prices under adjustment policies may not have the expected impact on production). Unless this is known, it will not be easy to think about the effects of processes on livelihoods and whether change is a priority.

Further work is required to develop more effective methodologies for analysing policies, their effects on livelihoods and how they themselves are influenced by what happens at local level.



Analysis of processes should be selective, casting a wide net at the outset and then - with the help of participatory exercises with various groups of local people - homing in on key areas for more in-depth work.

Some versions of livelihoods analysis use the term 'adaptive strategies' instead of 'livelihood strategies'. Adaptive strategies are distinguished from 'coping strategies' adopted in times of crisis.

The more choice and flexibility that people have in their livelihood strategies, the greater their ability to withstand – or adapt to – the shocks and stresses of the *Vulnerability Context*.

The livelihoods approach seeks to promote choice, opportunity and diversity. This is nowhere more apparent than in its treatment of livelihood strategies – the overarching term used to denote the range and combination of activities and choices that people make/undertake in order to achieve their livelihood goals (including productive activities, investment strategies, reproductive choices, etc.).

### Diversity, straddling and linkages

Recent studies have drawn attention to the enormous diversity of livelihood strategies at every level – within geographic areas, across sectors, within households and over time. This is not a question of people moving from one form of employment or 'own-account' activity (farming, fishing) to another. Rather, it is a dynamic process in which they combine activities to meet their various needs at different times. A common manifestation of this at the household level is 'straddling' whereby different members of the household live and work in different places, temporarily (e.g. seasonal migration) or permanently. Social patterns such as this clearly complicate analysis and underline the importance of viewing households and communities within their wider context. Since goods, financial resources and people are all mobile, an accurate picture of livelihoods cannot be gained if artificial boundaries are drawn. Thus links between urban and rural centres will need to be explored, as will the implications for decision-making and asset usage of split families .

### What can be done to assist poor people with their livelihood strategies?

In the past rural people were essentially viewed as farmers, foresters or fisherfolk and urban people were generally considered to be wage labourers seeking employment or participants in the 'informal sector'. Development efforts sought to improve the services and opportunities available to these categories of people. The sustainable livelihoods approach, by contrast, seeks to develop an understanding of the factors that lie behind people's choice of livelihood strategy and then to reinforce the positive aspects (factors which promote choice and flexibility) and mitigate the constraints or negative influences. It does not try to promote any given livelihood strategy simply because the 'raw materials' (e.g. forests, land, employment opportunities) for this exist.

This expansion of choice and value is important because it provides people with opportunities for self-determination and the flexibility to adapt over time. It is most likely to be achieved by working to improve poor people's access to assets – the building blocks for livelihood strategies – and to make the structures and processes that 'transform' these into livelihood outcomes more responsive to their needs.

#### *Access to assets*

People's access to different levels and combinations of assets is probably the major influence on their choice of livelihood strategies. Some activities require, for example:

- particular skills or may be very labour intensive (high levels of human capital required);
- start-up (financial) capital or good physical infrastructure for the transport of goods (physical capital);
- a certain type/level of natural capital as the basis for production; or
- access to a given group of people achievable only through existing social connections (social capital).

Different livelihood activities have different requirements, but the general principle is that those who are amply endowed with assets are more likely to be able to make positive livelihood choices. That is, they will be choosing from a range of options in order to maximise their achievement of positive livelihood outcomes, rather than being forced into any given strategy because it is their only option.

#### *Structures and Processes*

*Transforming Structures and Processes* can reinforce positive choices. If they function well, they will facilitate mobility in labour markets and reduce risk and the transaction costs associated with embarking

upon new ventures. They can also increase the efficiency of investment. However, in other cases they can act as a major constraint to choice, restricting access (e.g. in the case of rigid caste systems or state-dominated marketing systems), reducing the mobility of goods and labour and manipulating returns to given activities to make them more or less attractive (e.g. heavy-handed pricing policies). Under such circumstances, people might be viewed as making 'negative choices' as to their livelihood strategies, or they may have no choice at all. Effort in this area should therefore focus on turning the negative into positive – widening choice, reducing costs and extending access.

### What type of information is required to analyse livelihood strategies?

It is very important that preconceptions about what the poor do – what their livelihood strategies are – should be put aside. It has been common in the past to make untested assumptions about the poor, and as a consequence, to misdirect support (e.g. supporting agriculture on the assumption that most of the poor are farmers, when the poorest of the poor may be wage labourers outside agriculture).

The following types of issues are important when thinking about livelihood strategies.

- What does the livelihood 'portfolio' of different social groups look like (percentage of income from different sources, amount of time and resources devoted to each activity by different household members, etc.)?
- How and why is this changing over time? (Changes may be, for example: long-term, in response to external environmental change; medium-term as part of the domestic cycle; or short-term in response to new opportunities or threats.)
- How long-term is people's outlook? Are they investing in assets for the future (saving)? If so, which types of assets are a priority?
- How 'positive' are the choices that people are making? (e.g. would people migrate seasonally if there were income earning opportunities available closer to home or if they were not saddled with unpayable debt? are they 'bonded' in any way? are women able to make their own choices or are they constrained by family pressure/local custom?)
- Which combinations of activities appear to be 'working' best? Is there any discernible pattern of activities adopted by those who have managed to escape from poverty?
- Which livelihood objectives are not achievable through current livelihood strategies?

As always, it is important to take a socially differentiated view of livelihood strategies in order to focus support in the most appropriate area. This means thinking about variations in livelihoods strategies between different social groups, why these exist and what effect they have.

### Caveat: Competing livelihood strategies

One of the many problems of development is that projects while favouring some, can disadvantage others. When considering livelihood strategies it is important to recognise that people compete (for jobs, for markets, to secure better prices, etc.). This makes it difficult for everyone to achieve simultaneous improvements in their livelihoods.

The sustainable livelihoods approach values social sustainability, inclusion and equity and prioritises the interests of the poor. But the poor are themselves a heterogeneous, and internally competitive, grouping.

There is no 'solution' to this problem. However, its existence does underscore the importance of:

- extending choice and opportunities for the poor and building up their ability to take advantage of these opportunities (through building capital assets) while leaving them to make the final choice of what they will do; and
- thinking about safety nets for those who remain unable to achieve their livelihood objectives in what will always be a competitive environment.

Strategies are intimately connected with people's objectives – the beneficial *Livelihood Outcomes* that they seek.

IDS has developed a useful checklist of questions about livelihood strategies.

- **Sequencing** – what is the starting point for successfully establishing a particular livelihood strategy? Is one type of resource essential?
- **Clustering** – is there a clustering of particular livelihood assets associated with particular livelihood strategies?
- **Trade-offs** – in pursuing a particular portfolio of livelihood strategies, what are the trade-offs faced by different people with access to different assets?

Adapted from: Scoones, I. (1998) *Sustainable rural livelihoods: A framework for analysis*. IDS Working Paper 72. Brighton: IDS.

### Why are livelihood outcomes important?

Livelihood outcomes are important because they help us to understand:

- the 'output' of the current configuration of factors within the livelihoods framework (a first step to understanding the nature of causality);
- what motivates people to behave as they do;
- what their priorities are (as a basis for planning support activities);
- how they are likely to respond to new opportunities; and
- which performance indicators should be used to assess support activity.

The right to 'a standard of living adequate for health and well-being, including food and housing' is enshrined in international agreements. It is not, however, achieved for many of the poor whose primary day-to-day objective continues to be to secure enough food to eat.

*Livelihood Outcomes* are the achievements or outputs of *Livelihood Strategies*. Once again, the important idea associated with this component of the framework is that we, as outsiders, investigate, observe and listen, rather than jumping to quick conclusions or making hasty judgements about the exact nature of the outcomes that people pursue. In particular, we should not assume that people are entirely dedicated to maximising their income. Rather, we should recognise and seek to understand the richness of potential livelihood goals. This, in turn, will help us to understand people's priorities, why they do what they do, and where the major constraints lie.

### Terminology: Outcomes not objectives

In the framework the term 'outcomes' is used in preference to 'objectives' for two main reasons.

- **Sustainability:** The framework provides a way of thinking about livelihoods and tries to promote responsiveness. However, it also has a normative dimension: DFID's objective is to promote *sustainable* livelihoods (sheet 1.4 investigates the various dimensions of sustainability). The difficulty is that this broad sustainability objective is unlikely to be shared by all those involved. Hence the *Livelihood Outcomes* component of the framework is something of a hybrid, combining the aims of both DFID and its clients. Using the term 'objectives' would raise the question of 'whose objectives?' while the term 'outcome' is more neutral and encourages us to focus on what actually happens.
- **Achievement-orientation:** The framework is not just an analytical tool. It is intended to provide the basis for action. Thinking about 'objectives' can be descriptively interesting. Thinking about outcomes focuses attention on achievements, the development of indicators and progress in poverty elimination.

### What are livelihood outcomes?

The livelihood outcomes that appear in the generic framework are effectively categories introduced to make this section of the framework manageable. Each one may or may not be relevant in any given situation – this can only be established through participatory enquiry.

- **More income:** Although income measures of poverty have been much criticised, people certainly continue to seek a simple increase in net returns to the activities they undertake and overall increases in the amount of money coming into the household (or their own pocket). Increased income also relates to the idea of the economic sustainability of livelihoods.
- **Increased well-being:** In addition to income and things that money can buy, people value non-material goods. Their sense of well-being is affected by numerous factors, possibly including: their self-esteem, sense of control and inclusion, physical security of household members, their health status, access to services, political enfranchisement, maintenance of their cultural heritage, etc.
- **Reduced vulnerability:** Poor people are often forced to live very precariously, with no cushion against the adverse effects of the *Vulnerability Context*; their livelihoods are to all intents and purposes unsustainable. For such people, reducing their vulnerability to the downside and increasing the overall social sustainability of their livelihoods may well take precedence over seeking to maximise the upside.
- **Improved food security:** Food insecurity is a core dimension of vulnerability. It appears as a separate category in the framework in order to emphasise its fundamental importance, and because this helps to locate the activities of those governments and donors that focus on food security. It is also worth noting that participatory poverty assessments have shown hunger and dietary inadequacy to be a distinct dimension of deprivation.
- **More sustainable use of the natural resource base:** Environmental sustainability, or sustainability of the natural resource base, is not the only dimension of sustainability that is important to DFID. However, it is a major concern that is not adequately captured in the other livelihood outcome categories. Although often viewed as a donor objective, it is of course shared by many who recognise the long-term benefits of prudent resource use.

## Trade-offs between livelihood outcomes

One of the main difficulties with this part of the framework is that livelihood outcomes are not necessarily coherent and are certainly incommensurable. It is hard to weigh up the relative value of increased well-being as opposed to increased income, but this is the type of decision that people must make every day when deciding which strategies to adopt.

There may also be conflict between livelihood outcomes. An obvious example is when increased income for particular groups is achieved through practices that are detrimental to the natural resource base. Or perhaps different family members prioritise different livelihood objectives – some seeking to reduce vulnerability, while others seek to maximise income streams. The framework does not offer any answers to these dilemmas but does provide a structure for thinking them through, considering how they affect other aspects of livelihoods (e.g. strategies adopted) and perhaps coming to a mutually acceptable 'solution'.

## Outcomes as a basis for indicator development

The sustainable livelihoods approach is about supporting people to achieve their own livelihood goals (with the proviso about sustainability). Livelihoods programmes should therefore be judged on whether they contribute to the achievement of the livelihood outcomes that people consider important. One way of ensuring this is to negotiate indicators with particular groups and to draw these groups into monitoring processes. Care should also be taken to observe unplanned changes associated with development activity (for example, changes in social relations, accumulation or loss of assets by particular groups, etc.).

There are, though, several difficulties in this area, including that:

- different outcomes may conflict (as above);
- some outcomes (such as increased well-being) may be extremely difficult to translate into monitorable indicators; and
- it is hard to ensure objective monitoring of impact by groups with different interests, especially when they themselves do not prioritise a given outcome (e.g. environmental sustainability).

As always with development activity, it is hard to achieve an adequate understanding of the nature of causality, though the comprehensive approach of the livelihoods framework may provide some assistance here.

## What information is required to analyse livelihood outcomes?

When thinking about *Livelihood Outcomes*, it is important to understand not only the aims of particular groups but also the extent to which these are already being achieved. If certain social groups are systematically failing to achieve their aims, it may be because their aims conflict with the aims of other, more powerful groups. Or it may be because they do not have the means (assets) to achieve them. This distinction will help inform activity in support of the weaker groups.

Assessing non-tangible outcomes, that may be very subjective and private, is a challenge. When thinking about well-being, for example, the following types of issues might be important:

- To what extent are people aware of their rights (political, human, social, and economic)?
- Do they have any access to means of ensuring that their rights are met?
- How 'secure' (against physical damage, violence, seizure by the state, natural and economic shocks, etc.) are people and their assets?
- What sources of information are open to people? How high is the quality of that information?
- To what extent are particular groups represented within the political process?
- How good is the access of different groups to core services (e.g. education, sanitation, health)?

For all issues it will be important to investigate what the current situation is, how it is changing over time, and whether securing change is a priority for local people.

There is a close relationship – note the feedback arrow in the framework – between *Livelihood Outcomes* and *Livelihood Assets*, the two being linked through *Livelihood Strategies*. For example, a person may choose to reinvest most or all of any increased income in assets, with a view to catalysing a virtuous circle of asset accumulation and increased income.

Following sections of the *Guidance Sheets* will address issues of indicator development and monitoring in more detail. This is certainly an area that requires further work.

Participatory poverty assessments provide some important lessons about the wide range of people's objectives and how best to gather reliable information on these.

Sometimes the plural ‘SL approaches’ is used – instead of ‘SL approach’ – to signify that there is no fixed way of doing things. There are many ways of addressing development concerns while remaining true to the core concepts that underpin the SL approach (see 1.3). The SL framework is one of a variety of tools available to help implement the SL approach.

In the SL context, the term ‘macro–micro links’ is used to denote the multiple and complex relationships between what goes on at local level (household, community or neighbourhood) and broader-scale factors operating at district, national and international levels.

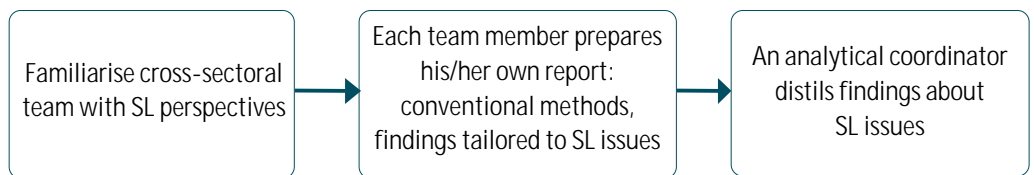
Although the SL approach is fairly new and still evolving, it has already been applied flexibly in a wide variety of ways to assist with poverty reduction efforts. This section of the *Guidance Sheets* covers different uses of the SL approach, exploring concerns and preliminary lessons learned.

### Livelihoods analysis

Applications of the SL approach are underpinned by broad SL principles (see 1.3). Most uses draw on some form of livelihoods analysis to assess how development activities ‘fit’ with the livelihoods of the poor. There are no set rules for conducting livelihoods analysis, but the main aim is to gain a more informed understanding of the livelihoods of different stakeholder groups, and the major influences that shape them. Usually, the SL framework is used as a checklist or means of structuring ideas, in combination with a range of other tools and methods (see Section 4). It is always essential to go beyond a static snapshot to explore trends over time, and how people adapt to these. It is also critical to explore key constraints to livelihood enhancement.

There are two approaches to doing this:

1. Undertake or commission a specific livelihoods analysis.
2. Synthesise findings from more conventional technical studies. This requires additional inputs at the beginning and end of the process, as shown below.



### What difference does SL make?

The SL approach is not a magic bullet, nor is it a discretely defined way of working that is separate from and contrasts with other approaches. Instead it builds on other approaches and on development good practice. This means that it is sometimes difficult to ascribe benefits or difficulties specifically to the use of the SL approach, though experience so far has shown that the approach does have a positive impact on poverty reduction efforts. The SL approach shifts the focus from outputs to people and demands exploration of poor people’s own priorities. It forces questioning of assumptions and consideration of the broader context, particularly macro–micro links. It also demands and facilitates cross-sectoral analysis. Although resulting projects and programmes may appear to be similar in form to ‘conventional’ projects or programmes, the links between development activity and poverty reduction – achieved through improving the sustainability of livelihoods – should be much clearer, and activities should therefore be more carefully tuned.

### At what stage should SL be used?

SL approaches can be used in the identification of development priorities and new activities (sheets 3.2 and 3.3). They can also be usefully applied to reviews of current activities that were not designed with SL principles in mind, helping to identify problems such as an undue focus on physical outputs (e.g. trees, roads, wells) or sectoral objectives (e.g. revenues, markets), at the expense of a broader focus on livelihood improvement and poverty reduction (see 3.4). Within projects/programmes, they can be used to sharpen the focus of monitoring and evaluation systems (see 3.5) and in the development of log frames (see 3.6).

Other existing uses include research and providing a structure for teaching and writing about development issues.

## Is SL relevant at both field level and policy level?

SL approaches can be used to inform activity at both field and policy level. SL analysis highlights the importance of macro–micro links: how policies, institutions and various levels of government and non-government organisations affect people's lives in multiple ways, and the extent to which people themselves can influence these structures and processes. The SL framework prompts exploratory thinking around these effects, helping to understand which particular components of livelihoods are most affected. It can also signal the need for further analysis of particular factors. This 'people-centred' perspective on policies and institutions is vital when planning pro-poor policy change and structural reform.

See 4.11 for methods to help understand policies, institutions and governance factors.

## How does SL affect partnerships?

A key concern when using an SL approach is how to share this with partners, and how to ensure that the ideas build upon partners' accumulated knowledge. Most important is to avoid imposing the approach; ownership of livelihoods analysis should be built up over time and decisions about entry points made with partners. It may also be important to provide support to enable others to use an SL approach effectively, and to help them combine this with their existing tools and ideas.

Several of DFID's partners have already adopted approaches similar to the SL approach, providing important opportunities for collaboration.

There is invariably a compromise between fitting with partners' own objectives and mandate – which are often strictly sectoral – and adopting a 'purist' SL approach. The key to dealing with this is flexibility; in some cases the SL framework has been successfully shared with partners, in others it is kept as a mental checklist. More often, the principles are shared as part of the process of partnership development. This process will vary according to the nature of the partner organisation.

For further details of various partners' approaches, see *Livelihoods Approaches Compared* on the website: [www.livelihoods.org](http://www.livelihoods.org)

- Partnerships with organisations that have *cross-portfolio* responsibilities (such as planning and finance ministries or poverty units) can help achieve acceptance of SL ideas. However, the implementation mandate of such bodies tends to be limited, making 'local level' partnerships (e.g. with local government or civil society organisations) important for implementation.
- Sometimes multiple partnerships are formed as an effective way to build on the strengths of each partner. However, this may generate new difficulties for coordination and consensus building.
- Single sector partnerships are often the most practical route forward, given institutional strengths and the merit of building on past relationships. In such partnerships it is important to think in terms of strengthening the sector's overall contribution to livelihood improvement and poverty elimination. A first step is to base sectoral action more firmly on an holistic and open-minded understanding of livelihood priorities. If this implies significant reform, it is important to identify and support champions of change.

An important objective is to identify and engage with agencies that have an interest in and capacity to implement SL approaches on a wider scale – to mainstream SL not just replicate it through additional donor-financed projects. The SL dialogue itself may help reveal which agencies, and individuals within them, are open to such change.

## Implications for scale, scope and resources

Use of an SL approach generally implies the need for more information, analysis and effort to share new ideas with partners or seek new partners. It may also call for a widening in the scope of a project or programme to address linkages. Costs may rise as new skills are required *in addition* to conventional inputs and skills. SL is in many ways a tool for integrating existing best practice from different fields; best practice is rarely the easiest or the cheapest practice. While some increase in costs can be expected, it is clearly important to monitor and control cost increases. Users should not seek 'perfect' information but should be guided by necessity. Information sharing is also an important way to limit costs. In particular, there are strong opportunities for linking the output of the latest participatory poverty assessments with livelihoods analysis.

See 4.2 for further discussion of scale and scope.



A programme is a set of activities designed to achieve a specific purpose. The term may describe a mix of projects, training and capacity building, budgetary support and policy dialogue. A programme may focus on a region (such as southern Africa), a country, or an area within a country. It may be multi-sectoral or focus on a single sector.

Strategic Environmental Assessment (see 4.4) is a new tool that can help assess the cumulative environmental impact of a series of programme components, thereby helping to ensure that sustainability issues are not neglected.

The SL approach is often viewed as particularly appropriate for grassroots initiatives; where communities are relatively small and homogenous, livelihoods analysis can accurately identify key constraints and opportunities. When dealing at the programme level – which typically involves a large constituency with a broad range of activities – the SL approach has a different contribution to make.

### How will SL affect programme design?

Poverty reduction programmes that are informed by an SL approach are likely to embrace SL principles and draw on some form of livelihoods analysis. In practice, this is likely to mean:

- Explicitly relating programme outputs to improved livelihood outcomes (not just to resources or sectoral outputs – yields, clinics, staffing, etc.).
- Exploring and addressing the multiple factors that influence livelihood quality, without prematurely limiting analysis. This is facilitated by use of the non-sectoral SL framework that explicitly highlights the central impact on livelihoods of policy and institutional issues.
- Incorporating principles of flexibility and responsiveness to people’s changing needs (through, for example, adopting process approaches and conducting periodic participatory reviews).
- Seeking partners that can embrace and ‘mainstream’ an SL approach in wider work.

Use of an SL approach does not necessarily lead to new ‘livelihoods programmes’. The approach can just as well be used to reorient existing programmes to produce better livelihood outcomes.

### Why use SL for programme design?

Although an SL approach can make planning more complex, it also facilitates effective design and promotes use of existing best practice. The SL framework provides a tool for assessing – and enhancing – the ‘fit’ between planned activities and poor people’s livelihood priorities. While detailed SL analysis is not generally appropriate for broad geographical or sectoral programmes, use of the SL framework can still help in ‘thinking through’ the chain of causality from programme activities to changes in livelihoods. An SL approach can also enhance the coherence between disparate activities within a programme. Table 1 summarises strengths and challenges.

**Table 1. Uses, advantages and challenges of SL in programme design**

Ways of using SL	Advantages	Challenges
Identify explicit links between programme activities and livelihood priorities of the poor. Adapt the former to the latter and ensure coherence.	More effective contribution to lives of target groups.	Takes resources to do the analysis. Not all partners have equal commitment to poverty elimination.
Identify and discuss policy constraints to livelihood enhancement.	Promotes systematic exploration of the main ways in which policies affect livelihoods.	Requires in-depth analysis of policies and institutions, using tools other than the SL framework.
Conduct broad-brush livelihoods analysis to feed into reform of sector policy.	Encourages people-orientation and better cross-sectoral links.	Proponents of sector approaches and SL may start from different perspectives – need to explore the overlap.
Build on SL analysis to identify new partnership opportunities.	SL approaches can facilitate dialogue, provide a common ‘language’.	Partners may be sceptical at first. May require significant capacity building.
Use SL framework to help identify high-payoff, priority entry points.	Helps ensure open-minded analysis of options and appropriate sequencing.	Other tools required for prioritisation. Sequencing issues often poorly understood.

## Is SL a useful way of bringing a poverty focus to policy issues?

Policies, legislation and institutions play a fundamental role in shaping livelihoods. An SL approach can be used by donors and their partners to build this into their programmes in three ways:

- *To highlight the influence of policies, institutions and legislation and the importance of reform.* The SL framework stimulates users to identify how these factors affect key livelihood variables. Underlying SL principles stress the importance of understanding and promoting effective macro-micro links.
- *To provide a common language for policy dialogue and cross-sectoral discussion.* A shared understanding of the SL framework and terminology can facilitate discussion of policy issues with partners and between sectors. SL language does not 'replace' other vocabularies (e.g. of gender, social exclusion), but it can provide a comprehensive organising framework for discussions of poverty and the shared commitment to eliminating this.
- *To encourage a more people-focused approach to policy.* An SL approach can help policy-makers to view policy change from a people perspective. It can also highlight the need for broad consultation on policy issues, particularly with the poor.

The limits of SL at policy level must also be recognised:

- *Detailed analysis of livelihoods across an entire country in support of national policy-making is unlikely to be feasible,* particularly given the heterogeneity of people's circumstances. Nevertheless, broad-brush ('quick and dirty') SL analysis can help to highlight weaknesses in existing information and can inform the direction of participatory poverty assessments (PPAs).
- *The SL framework on its own does not provide an adequate understanding of all the important factors in the Policy, Institutions and Processes area.* A range of other tools is needed to develop the understanding necessary to assess and promote policy reform options (see 4.11).
- *The task of changing policy is not necessarily made easier by SL analysis.* An SL approach, in and of itself, cannot substitute for the political and social processes which lie behind change.

## How can SL be combined with sector programmes?

Some have expressed concern that sector-wide approaches (SWAPs) are inconsistent with an SL approach. There is certainly room for further investigation of relationships between SWAPs and the SL approach, but the core concern seems to be misplaced (see also 1.5).

- SWAPs highlight the importance of coordination and strategic planning in support of government priorities. They tend to be built around a common commitment to a single disbursement mechanism – the sector programme. There is no necessary conflict between this and an SL approach.
- The SL approach is not, as some have feared, solely focused on grass-roots interventions. The policy issues that feature strongly in SWAPs are also important in the SL approach. The two can therefore be complementary, SL adding value to a SWAP by encouraging the formation of cross-sectoral links, broader participation by stakeholders, better monitoring of the impact of SWAPs on livelihoods at a local level and greater responsiveness to diversity.
- Activities informed by an SL approach may focus on a single sector if there is adequate understanding of how that sector contributes to the livelihoods of the poor. If the sector in question is supported by many donors and entails a significant state-led service-delivery component (e.g. education, health) a SWAP may be the most effective means of operationalising the SL approach. This is one way in which SL might build on development 'good practice'.

## How to determine programme priorities?

The SL framework can help to identify key constraints to livelihood enhancement, but it does not necessarily assist in prioritisation. This is best done by drawing on existing methods and thinking about the comparative advantage of the various partners and their commitment to poverty reduction. It also requires the use of common sense (for example, in identifying fundamental policy constraints) and reference back to the donor's overall bilateral country programme.

A DFID-funded research project is exploring the links between urban policies/governance, sustainable livelihoods and poverty elimination. In particular it asks:

- Who really makes decisions about city management?
- What are the outcomes of those decisions for the poor?
- What determines household and livelihood strategies?
- How do the poor themselves influence policy and governance?

See 4.4 and 4.13 for more details on PPAs.

In Kenya, urban PPAs provided detailed documentation of poor people's observations about being poor. They gave less information on the dynamism of poor people's livelihoods, the nature of their vulnerability and the impact of policies and institutions.

'Opportunities analysis' is a useful tool for prioritisation. It entails arranging constraints in order of potential poverty impact, sequence of reform and amenability to reform.

A project is a discrete funding package, comprising an activity or set of activities that can contribute to – but not necessarily achieve on its own – a particular development objective.

In India, DFID seized an opportunity to strengthen the stake of the poor in an innovative and long-term initiative. A large-scale government watershed programme was chosen as an entry point, despite concerns that the poor often lose out in community-based planning processes and that watershed development is not necessarily a top priority for the poor. This was felt to be a way to enhance positive directions of change in a potentially significant way.

Projects should be designed to address specific entry points. A project that tries to do everything will become complex and difficult to manage (a common failing of Integrated Rural Development efforts – see 1.5).

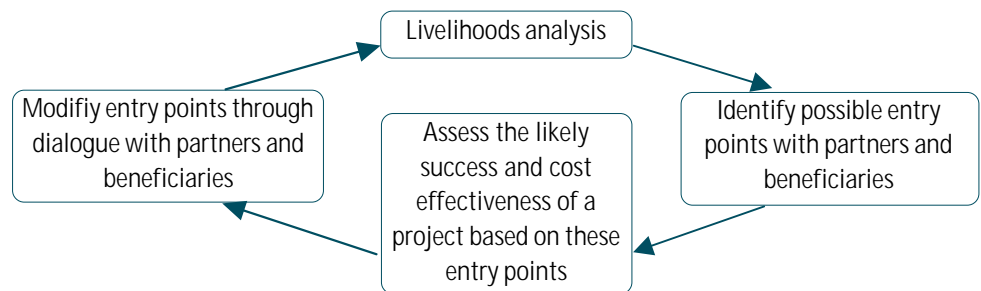
Any proposed project is generally based on a roughly-defined group of beneficiaries. The definition may be geographic, sectoral (e.g. producers of livestock, users of energy) or socio-economic (e.g. women, slum dwellers); the commonality lies in the poverty elimination aim. Livelihoods analysis helps to understand the livelihoods of the proposed beneficiaries, to define project activities and objectives, and to sharpen or revise definitions of priority stakeholder groups.

Projects designed using an SL approach do not have to be labelled 'livelihoods projects', nor must they seek to address *all* livelihood priorities. However, they are based upon SL principles and most use SL analysis as a planning tool to ensure an effective focus on poverty reduction.

### How to identify entry points and partners?

Initial analysis may identify many different options for supporting livelihoods. This does not mean that new projects should embrace all aspects of livelihoods. Rather the emphasis should be on identifying with partners and potential beneficiaries 'best bet' entry points that will have a significant impact on the livelihoods of the poor. Entry points usually relate either to *Livelihood Assets* or to *Policy, Institutions and Processes* (formerly referred to as *Transforming Structures and Processes*) – see 1.2, 2.3 (all sheets) and 2.4 (both sheets).

A balance is required between what is desirable (based upon local priorities) and what is feasible. The SL approach requires a process of negotiation between the donor and recipients about which changes in livelihood quality will be pursued. Project identification is therefore an iterative process.



When prioritising entry points, it is important to draw on a range of tools (including economic appraisal techniques), past experience, existing skills, established partnerships and opportunities to support existing *positive directions* of change. Estimates should be made of indicative investment costs and returns to different scenarios, with indications of the degree of risk involved. Without such analysis, it is impossible to assess trade-offs between alternative uses of resources.

### Flexibility and change

Holistic SL analysis may identify priorities for interventions that cut across sectors. Or it might indicate that the most pressing constraint is in an entirely different sector to the one originally, if tentatively, planned. This can cause problems if a particular DFID technical department is already taking the lead on project design and has identified partners that share its sectoral interest. There is a need for flexibility on the part of the team members. The following may be options:

- Incorporate complementary activities from other sectors into the project (e.g. DFID's Dire Dawa urban development programme in Ethiopia has supported the micro-credit initiatives of local funeral and wedding societies, as well as helping to develop community infrastructure).
- Substantially revise the project plan to shift the focus to core constraints (including gradual disengagement from allegiances with inappropriate partners).
- Make the best of the existing sectoral anchor, gradually encouraging the development of cross-sectoral links.
- Abandon the project idea.

## Planning project activities

SL approaches aim to help projects make a more effective contribution to poverty elimination. But SL approaches can also make designing projects more difficult and can raise hard questions about project scope and effectiveness. Table 1 summarises the issues.

Whichever 'route' is taken in livelihoods analysis, similar tools and methods will be used (see Section 4).

**Table 1. Strengths and weaknesses of SL in planning new projects**

Use of SL analysis to ...	Advantages	Challenges
Understand the priorities of poor.	Helps 'fit' project activities to priorities of the poor.	May reduce fit with donor's intended activity. Requires donor to be flexible.
Identify links: <ul style="list-style-type: none"> <li>across sectors</li> <li>between field and policy level</li> <li>between urban and rural</li> </ul>	Avoids isolationist mentality. Helps ensure links are addressed elsewhere, if not by project.	Cannot feasibly address all issues. Have to prioritise.
Generate a range of entry points.	Questions traditional assumptions.	Need to prioritise.
Design project activities that: <ul style="list-style-type: none"> <li>are appropriately sequenced</li> <li>accommodate inter-community relations and potentially conflicting interests</li> </ul>	Provides analytical framework and structure.	Not necessarily useful for detailed planning. Still need many other tools.

On the other hand, the SL framework can help structure discussion of difficult issues, including:

- assessment of what is required for interventions to benefit the poor on a large scale (ensuring there are no major 'gaps' and that activities are appropriately sequenced);
- the nature of inter-community relations and the quest for win-win options for supporting the livelihoods of different groups; and
- the balance between short-term livelihood interests and longer-term environmental concerns.

It is essential to avoid micro-planning project activities. Building in flexibility to adapt to a new understanding of livelihoods or changing circumstances is very important.

## Skills and disciplines

Sheet 3.1 suggests two approaches to livelihoods analysis: commissioning specific SL analysis or integrating conventional analyses after the fact. An alternative may be to combine the two approaches: an initial assessment of livelihood issues may be followed by more detailed analysis in specific areas (some of which may not have been foreseen at the outset). This detailed analysis then feeds into the final synthesis. In either case, conventional skills in project design remain important and team management skills will be at a premium. Adequate time must be allocated to ensure that team members have a common frame of reference with regard to SL issues, concepts and principles and that partners are fully integrated into the team (see 4.7).

## How does the SL approach affect the way a project looks?

Early experience suggests that new, SL-guided projects are characterised by:

- a widening of scope – in particular, more emphasis is placed on the development of social capital and empowering the poor to gain access to other assets;
- an increase in duration to allow for the development of more sustainable partnerships and to achieve longer-term livelihood outcomes (and poverty reduction);
- greater use of process-type approaches and more emphasis on learning; and
- increased focus on linking macro and micro issues.

Project activities are not an end in themselves, but are a means of achieving a sustainable reduction in poverty. Projects need to be flexible so that new opportunities are identified and acted upon as they arise (see 3.6 for a discussion of process projects).

The DFID guidance manual on water supply and sanitation has sector perspectives on social development, health, environment, sustainability, economics, finance, institutions and technology. It has been designed to help DFID staff – and project partners from varied disciplines – familiarise themselves with cross-cutting SL issues.

USES

REVIEWING EXISTING ACTIVITIES

3.4

An SL review of the Namibian tourism sector provided a useful contrast to conventional tourism sector analyses. These usually focus either on local cash and jobs (but not other aspects of livelihoods) or on ecological impacts or on foreign exchange contribution.

There is generally a trade-off between timeliness of information and certainty of results. Though the impact of project activities on livelihoods may become apparent early on, it may not be possible to measure this impact for some time. But this may be too late for project reorientation.

Livelihoods and social analysis in urban areas shows that gender discrimination, informal power structures, lack of time and unusual work hours (e.g. for rubbish picking) can affect people's ability to participate. In an urban project in Zambia, greater participation has been encouraged through the establishment of gender support groups. In Faisalabad, Pakistan, women-only adult literacy classes and financial services groups have provided the space to develop confidence and negotiating skills.

An SL approach can be applied to review existing projects and programmes, even if these were not originally designed using an explicit SL approach. A livelihoods review brings a new perspective. It provides an opportunity to stand back and explore how a project or programme is affecting the livelihoods of the poor, and to see how these impacts can be enhanced. There is no set approach, but such a review should aim to shed light on:

- the ways in which project/programme activities are directly and indirectly affecting people's livelihoods and the context that shapes them;
- whether people's own livelihood priorities are being addressed;
- how people's livelihood strategies are affecting their participation in and benefit from the project or programme; and
- how activities can be adapted to enhance livelihood impacts for target groups while remaining consistent with the overall project purpose.

**How does this differ from normal monitoring?**

Monitoring and evaluation (M&E) usually measures progress towards the outputs and purpose in a project log frame (see 3.6). For projects not designed using an SL approach, a livelihoods review will go beyond log frame targets to address livelihood impact. If poverty elimination appears as the overall project goal, a livelihoods review will also provide an opportunity to revisit the poverty objective, to assess the project's contribution to it, and to reorient if necessary.

A wider livelihoods review may also be incorporated into 'normal' M&E activities (see 3.5), including output-to-purpose reviews and end-of-project impact assessments.

**Key questions to explore and analyse**

Even small changes in timing, location, sequencing or technical assistance may enhance a project's fit with livelihood priorities. Analysis of participants' livelihoods can help answer the following questions, leading to recommendations for change or new activities.

*(i) What change is occurring at the micro level?*

SL analysis will often highlight indirect, less obvious, but very important ways in which current project activities affect livelihoods (e.g. through conflicting with or complementing other livelihood strategies). The SL framework can be used as a checklist of issues to consider.

*(ii) How do livelihood strategies influence the degree of local participation?*

SL analysis (integrating stakeholder analysis – see 4. 4) should reveal why certain target groups fall out or do not participate, and how participation can be enhanced. If involvement in project activities is risky, requires access to specific assets or occurs at a very busy time, the poor may be excluded. Some barriers to participation may be insurmountable; others may be reduced through changes in operation.

*(iii) How does the policy and institutional context influence livelihood impact?*

SL analysis should highlight the extent to which current activities address issues of macro–micro links. If an area-based project: is it feeding into the policy level sufficiently? If a policy-level project: is it taking account of broad livelihood concerns and looking beyond sectoral issues? The review can also help identify how various elements of *Policy, Institutions and Processes* constrain or provide opportunities for the project, and for livelihoods more broadly.

## What are the practical implications: Methods, skills and time?

A variety of methods is needed to gain a clear picture of the complexity of livelihoods and to determine whether the project has been successful in reducing poverty (see Section 4). The SL framework can be used to plan the assessment and to synthesise findings; the analysis itself must incorporate tools such as stakeholder and gender analysis to ensure social differentiation is taken into account (see 4.3–4). This clearly requires a multi-disciplinary team. Particularly important skills are: adapting Participatory Rural Appraisal (PRA) to SL-type questions, combining quantitative and qualitative data (see 4.7), and making links between local-level analysis and policy analysis. Strong analytical skills are necessary if the review is to identify a clear direction and avoid information overload. Local staff participation will enable a review to build on longer-term insights about the issues in question.

Input of time and resources must be proportional to the project/programme size and the importance of the decision into which the review feeds. SL review of NGO projects has been based on one or two weeks' field work and several weeks' analysis and writing. But SL review for shifting into a new phase of a major country programme (tens of millions of pounds) could justify months of input.

Other qualitative and participatory tools may also be important in addressing the key questions of social differentiation and social exclusion (see 4.5).

## Can an SL review lead to any real change?

### (i) Using the results to adapt plans

If a project was not based on explicit SL principles, the opportunity for enhancing its 'fit' with livelihoods (and contribution to poverty elimination) will depend on factors such as project scope and objectives, nature of the partnership, stage of implementation, operational procedures and degree of flexibility.

### (ii) Using the process to adapt attitudes

The greatest value in an SL review may lie in a gradual shift in thinking among practitioners, rather than in a specific change of project plan. Through use of participatory and consultative techniques, the review can help all involved to develop a common understanding of the ultimate project objectives and what should be monitored. It can encourage a climate of learning in the project (precisely because everyone has to learn when addressing livelihoods) and promote innovative thinking. It may also be a good way to introduce livelihood concepts to partners.

In the tourism sector, economic issues will remain dominant. Nevertheless, a livelihoods review of Namibian tourism generated several recommendations to enhance livelihood impact (the most important of which was to increase the degree of local participation in tourism planning so that residents' livelihood priorities infuse decision-making).

## What is the value-added of the SL approach?

A good review, drawing on best practice in social development, governance assessment, economic and policy analysis, environmental appraisal, poverty analysis and participatory approaches could identify the same issues and recommendations as an 'SL review'. But use of an SL approach:

- provides a useful analytical framework for integrating ideas and methods, and a structure to move beyond the scope of normal M&E;
- provides a checklist of the key issues and a common language for sectoral staff;
- encourages a shift in thinking from outputs to people, from the obvious to the not immediately apparent (see Box 1); and
- can lead to actual changes in implementation, as well as in skills and attitudes.

### Box 1. Less obvious effects of a project

A review of ten different initiatives to improve urban housing and basic services in South Africa, India and Pakistan has developed a detailed understanding of how various aspects of livelihoods have been affected. This highlighted indirect positive impacts on:

- cash income (by cutting cash costs and providing new income generating opportunities);
- households' ability to deal with financial, economic and environmental risks; and
- people's social status and their right to make demands on the political system.

**USES**

**MONITORING AND EVALUATION**

**3.5**

M&E should build upon emerging good practice in poverty monitoring and assessment. With broad commitment to the International Development Targets and the implementation of poverty action plans in many countries, this area is newly prominent.

The value of practical, poverty-oriented M&E must be demonstrated during the course of a project if partners are to be convinced. Involving partners in the selection of indicators and keeping design simple will improve the likelihood that M&E activities will continue post-project.

Participatory assessment should be complemented with some degree of external assessment – for example of environmental, health and national-level benefits, of which participants may have little awareness. External assessment can also help reduce possible bias within projects.

Livelihoods analysis was coupled with various participatory impact assessment tools (impact flow charts, satisfaction matrices, Venn diagrams) in a Calcutta slum improvement project. These tools helped identify local people's own criteria for satisfaction to feed into overall project achievement indicators.

SL principles emphasise the importance of learning throughout implementation. Monitoring and evaluation (M&E) is a key step in the learning process. As well as meeting financial accountability requirements, M&E should aim to derive lessons about what is effective in achieving poverty reduction and what is not, and help adapt activities to changing livelihood circumstances.

At the same time, the very strengths of SL pose challenges for M&E. How can M&E:

- embrace SL's people-centred and participatory principles?
- be holistic, monitoring changes across a wide range of livelihood priorities and influences?
- support a process, 'learning' approach?

A range of M&E tools can be used/adapted to address these issues. However, having a clear understanding of the objectives of M&E (for whom, by whom and for what purpose is the information collected) is as important as the selection of particular instruments.

If livelihood trends are to be monitored over the longer term, formal and informal institutions in recipient countries must assume a greater, long-term M&E role. This implies the need for skills development, adequate resources and – most challenging of all – an institutional environment in which on-going M&E is perceived as a useful input to policy review and resource allocation processes. It also means that proposed monitoring systems should build on, and integrate with, existing monitoring and management information systems within relevant organisations.

**How to make M&E people-centred**

What matters in an SL approach is changes in people's livelihoods – rather than in resources *per se*. M&E must therefore look beyond activity-based indicators of progress (e.g. service provision, clinic visits) and resource-based definitions of change (e.g. increased output of energy or crops) to measure achievements from the perspective of partners and beneficiaries. This implies a high degree of participation in the design, monitoring and assessment of performance indicators.

There is no single definition of people-centred M&E. Approaches such as beneficiary contact monitoring, stakeholder analysis and participatory M&E commonly include one or more of the following elements:

- indicators are identified by and negotiated with partners/beneficiaries;
- partners/beneficiaries are responsible for data collection and analysis;
- people's attitudes to change are highlighted (in addition to physical measures of change);
- partners/beneficiaries play a key role in judging performance directly (through assessment of indicators and results) and/or indirectly (through periodic 'client satisfaction' surveys).

A wide array of specific tools may also be used (e.g. ranking and scoring, problem trees, mapping, timelines, etc.). These approaches and tools are not, though, inherently people-centred – they only become so when appropriate objectives and processes for M&E are adopted.

**How holistic to be**

SL approaches draw attention to the links between livelihood 'components'. Improvement in one element (e.g. the policy environment or access to an asset) cannot be judged a success before the second-round effects on other livelihood components have been assessed. This implies the need to monitor a wider range of livelihood indicators so that intended and unintended, direct and indirect consequences of development activity are understood. One way to capture knock-on effects is through behavioural change indicators (e.g. an increase in the time/labour allocated to productive activities may be shown to be a knock-on effect of improved access to health services).

In practice, M&E systems cannot 'assess' livelihoods in their entirety. But they should address both the positive and negative effects of project activity on livelihood systems as well as the inverse: the effects (constraints/opportunities/assumptions) of livelihood systems on project activities. Relatively simple indicators or checklists can be drawn up to measure these.

## How to monitor macro–micro linkages

M&E systems should strive to monitor both policy-level and local-level changes, as well as the links between them. Measures of institutional change (e.g. changes in service provision, representation in decision-making processes) should be supplemented by monitoring local perceptions of change, using techniques such as institutional mapping. If possible, changes in local behaviour or conditions resulting from institutional change should also be measured. However, lags between institutional/policy reform and its wider effects may constrain what can be measured. Another concern is that institutional change rarely affects everyone equally and various groups are likely to have highly divergent opinions about change. Differences in impact between groups – especially negative impacts on particular groups – should therefore be monitored and considered in the context of the overall poverty elimination objective.

An 'institutional map' locates a group in terms of its relationships with other organisations and the importance (to the group) and strength of these relationships. The approach can be used to determine *inter alia*: where the group is now; where it would like to be; and changes in relationships over time.

## How to accommodate the dynamism of SL?

The SL approach endeavours to ensure that external support reinforces positive patterns of change and mitigates negative trends. A mix of indicator-types is required to capture dynamic processes. (This is generally true for process-type projects that pose particular challenges for M&E – see 3.6)

- *Outcome indicators*: these relate to longer-term targets. Measurement indicates what has been achieved (lagged indicators).
- *Process indicators*: these measure on-going progress towards planned outcomes.
- *Leading indicators*: these suggest what will happen, especially over the longer-term (e.g. indicators of behavioural change provide early evidence of progress). They can usefully feed into subsequent *ex post* evaluations and impact assessment.

Process and leading indicators must include: (a) explicit identification of the cause and effect relationships linking them to intended outcomes; and (b) quantity and quality measures that assess adherence to agreed 'standards' (e.g. levels of participation, representation of different groups).

The distinction between process indicators and outcome indicators is important. Process indicators may suggest that a project is doing very well (e.g. the participation of excluded groups may be increasing), while outcome indicators may be disappointing. Understanding cause and effect relationships is therefore critical.

## Dealing with multiple indicators

The SL approach calls for a mix of complementary indicators to assess livelihood change. A single 'objective' measure of performance (e.g. \$/day) is insufficient. However, combining multiple quantitative and qualitative indicators can pose problems.

- Beneficiary-defined, qualitative indicators are often context-specific. It may be difficult to derive from them summary measures of overall project or programme performance. (This tends to be more of a problem when conducting overall impact assessment than in internal project M&E.)
- Indicators used for internal project learning may not fit well with donors' external obligations (e.g. reporting on agreed targets, accountability). Openness and transparency are required when negotiating which criteria will be used to determine change and progress.
- SL project indicators may not have *direct* equivalents within national and international development targets (though new poverty assessment methodologies may help identify links). Even when there are direct equivalents, time lags and slow replication suggest that higher-order indicators will be relatively insensitive to immediate project-level changes. Nevertheless, higher-order indicators can provide a benchmark and/or framework for the design and interpretation of project indicators. Linkages can be further enhanced through the use of cascading log frames in programme planning (see 3.6).

Tensions between quantitative and qualitative indicators should not be exaggerated. Many qualitative techniques use quantitative measures (e.g. ranking and scoring) and in practice the two are complementary. Similarly, 'abstract' indicators, such as client satisfaction, can be compared across projects, regardless of context (see also 4.7).

Do not try to measure everything. Focus on key linkages, keeping in mind other potential issues identified using the SL framework.



**USES**

**THE SL APPROACH AND LOG FRAMES**

**3.6**

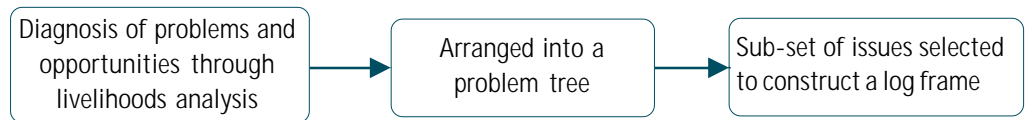
A log frame defines what an intervention will do, what it will deliver, the impact it is expected to achieve, and the contribution of that impact to higher-level objectives (usually poverty elimination). It summarises the indicators used to monitor progress and outlines how such information will be collected. It also outlines how the external environment is expected to shape project impact.

(See DFID *Office Instructions*, Vol.II, Section D)

The SL approach and logical frameworks (log frames) are both tools that can be used to design, manage and evaluate projects and programmes. Livelihoods analysis helps explain *why and in what way* people are poor. A log frame translates this diagnosis into action in the form of a project, programme or country strategy. It summarises *how* a proposed intervention is expected to achieve a given outcome – that, in turn, will contribute to poverty elimination – helping to focus attention on a manageable set of issues.

**Using an SL approach to construct a log frame**

The SL approach and the development of a log frame can be brought together during the design of a new project or programme, as follows:

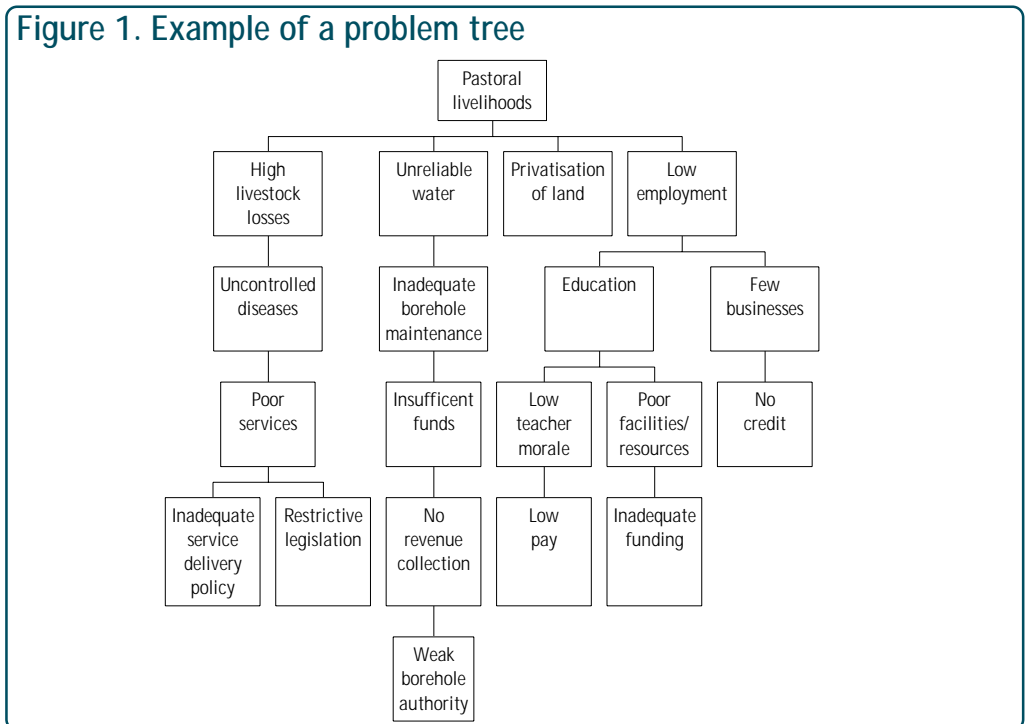


*SL to problem tree*

The issues identified through livelihoods analysis can be ordered into a hierarchy of cause and effect in the form of a problem (or opportunity) tree (see Figure 1). This can be developed in a participatory manner. Each 'issue' identified by a participant is noted on a piece of card. Participants then arrange the cards into a hierarchy of cause and effect. External views may also be important, especially for less tangible or sensitive topics – such as how élites respond to initiatives of the poor.

Cascading log frames, where the purpose level statement of one log frame is the output of another log frame, help to establish vertical linkages between projects. They are likely to be important to the SL approach as are Country Programme log frames. Because these operate at a higher level, they can help establish linkages and complementarity between various projects, and with the projects of partners (e.g. other donors, NGOs, civil society).

**Figure 1. Example of a problem tree**



*Problem tree to log frame*

Holistic SL analysis does not require holistic interventions; entry points must be prioritised. This means focusing attention on a sub-set of issues in the problem tree and using these to construct a log frame. The four levels of the problem tree are correlated with the goal, purpose, outputs and activities of the log frame.

## What difference does the SL approach make?

The SL approach encourages us to consider (and address) a wide range of factors that shape livelihoods. Many of these issues, in particular those relating to the *Vulnerability Context* of the poor, and *Policy, Institutions and Processes* (previously referred to as *Transforming Structures and Processes*, see 4.12), might previously have appeared in the 'assumptions' column of a log frame. Assumptions are issues that are recognised as important but which are considered beyond the scope of the intervention. Too often assumptions have not held true and have greatly compromised the impact of an intervention (i.e. they have turned out to be killer assumptions).

Livelihoods analysis helps us to address these assumptions as part of the project design. Assumptions can be 'internalised' either by including complementary activities (to cover 'horizontal' assumptions) or by linking projects up-stream and down-stream to ensure an appropriate enabling environment. In the example on the previous page, educational support and credit programmes would be two complementary projects required to enhance pastoral employment opportunities.

Where assumptions are not 'internalised', log frames may need to include indicators for monitoring change in the assumptions themselves. The project will effectively be monitoring its own external environment so that the project design can be modified if necessary.

## Log frames and process projects

Adoption of an SL approach is likely to result in more process-type projects. Log frames for process projects must act as dynamic management tools that can be modified as the project develops. This is achieved by defining interim outputs (or milestones) in the initial log frame, with the specification of the final outputs emerging as part of the project. Log frames for process projects should be viewed as a tool for learning and adaptation, rather than as a blueprint for consultants' contracts.

If the project context changes, activities (and hence the log frame) may need to be changed. SL analysis can help identify the chain of events by which livelihoods are improved, and hence how the project – and its associated log frame – can be amended to ensure the purpose will still be achieved. For example, DELIVERI (a process project that aims to reform a government department in Indonesia) changed its log frame four times during its first three years. With each iteration, the outputs and the objective verifiable indicators (OVIs) have been specified in increasing detail.

## Log frames for longer time horizons

The SL approach looks for long-term impact and sustainability. This means that OVIs of impact (at purpose and goal level) should be measured well into the future, often beyond the lifetime of the project itself. The best way to ensure that this happens is to link project/programme specific monitoring and evaluation systems to wider national data collection systems (national statistical surveys, etc.). Making and developing such a link is an effective way of providing capacity-building support to central statistics offices or their equivalent. Such offices are expected to play an increasingly central role in overall poverty assessment systems, helping to bring together and interpret more and less formal information from various sectors. Working with these existing systems is preferable to establishing new, potentially unsustainable, overarching systems for poverty monitoring and assessment.

A problem tree, much expanded through the use of an SL approach, will identify a range of issues that – if not addressed – will become killer assumptions to the project.

In process projects, broad objectives for change may be identified and agreed but the exact modalities for achieving these objectives may, at the outset, be unknown and unknowable. Such projects must be approached in an exploratory mode. Implementation takes place in successive, defined stages with future activities being planned in the light of results so far.

See DFID Technical Note No.4, *The Process Approach to Projects*.

Although the term ‘methods’ is used as overall shorthand, it is important to note that data sources differ from the approaches employed when gathering data, and from alternative perspectives on problems or types of data analysis. The key to effective SL analysis is to be flexible, employing a range of different ‘methods’ as the need arises. It is important to build on existing tools and skills but at the same time it is essential to avoid unfounded preconceptions and undue sectoral bias.

The fact that marginalised groups are highlighted does not mean that they are necessarily the target beneficiaries. However, it is important to understand who they are and how their livelihoods are constructed in order to assess how they will be affected by development activity. It is also important to understand if other groups will become marginalised as a result of planned activities.

This section of the *Guidance Sheets* is about the process of investigating livelihoods for project and policy purposes. The aim of the section is to provide the reader with an approach to gaining an overall understanding of livelihoods, and a range of methods for tackling the key components of the SL framework.

- Sheets 4.1–4.4 examine the process of livelihoods analysis and provide an introduction to a range of common tools.
- Sheets 4.5–4.6 provide more detail on rapid and participatory methods and sample surveys.
- Sheet 4.7 looks at some of the issues and dilemmas that can arise during the course of analysis.
- Sheets 4.8–4.13 focus on particular components of the framework and the methods best suited to exploring these.

### Why investigate livelihoods?

The SL approach offers an opportunity to improve poverty reduction efforts by taking an all round view of the circumstances of the poor, as they themselves view them, rather than jumping to early conclusions and immediately proceeding to conduct isolated, in-depth analysis of particular attributes.

- What appears to be the mainstay of household income – e.g. a cash crop such as cocoa or coffee or a particular type of paid employment – may make a much smaller contribution to the family livelihood than is expected from initial impressions.
- Asset constraints vary from place to place, group to group and across income levels; poorer groups typically have more limited access to assets and are more constrained in their choice of livelihood strategies than richer groups.
- Different social groups within a community typically experience differing risk factors in their livelihoods; these need to be understood if vulnerability is to be reduced.
- The capability of individuals and groups to exercise choices may be constrained by social and governance factors that are not immediately obvious.

SL analysis provides a holistic framework for understanding the need for, and likely focus and objectives of, subsequent development activity. Such activity may itself be sectoral, though its objectives are most likely to be framed in terms of overall poverty reduction.

### Core principles of livelihoods analysis

To make an effective, overall contribution to the operationalisation of an SL approach and poverty elimination, livelihoods analysis should be conducted with partners and be informed by a few core ideas. These relate directly to the core concepts that underlie the SL approach as a whole (see 1.3).

- Effort should be devoted to identifying and understanding the livelihood circumstances of marginalised and excluded groups.
- There is invariably a need for disaggregation – into men, women, different age groups, etc. It is not sufficient to take the household as the sole unit of analysis.
- The SL approach seeks to build upon people’s strengths and resourcefulness; we should avoid thinking only about need.
- The SL approach embraces the idea of dynamism; we should avoid taking one-off snap shots and instead think about change over time, including concerns about sustainability.
- There will never be a set recipe for what method to use under what circumstance. Flexibility is key. Equally, it is not necessary to produce one definitive ‘map’ of livelihoods. Different ‘maps’ may be appropriately used for different purposes.

### What difference does SL make?

One way of conducting SL analysis is to bring together the findings of more conventional analyses and to review the finished products through an ‘SL lens’ (see 3.3). Although this may sometimes be

the most practical option, it is sub-optimal – compared to employing different types of analysis in the service of an overall SL analysis. Analysis that is guided by SL principles would be likely to:

- look for different issues, including focusing more on the various components of the SL framework and taking a wider remit in terms of the range of issues, institutions and organisations covered;
- be non-sectoral and relatively open-ended;
- be more aware of dynamic interactions and complexity and seek to find constructive ways of dealing with this diversity;
- seek to gain a fuller understanding of economic, institutional, social and environmental sustainability; and
- actively seek to understand the importance of macro–micro links (e.g. the impact on different groups of particular national or regional institutional arrangements or economic trends, the importance of using locally-collected data in policy formulation processes, etc.).

In sum, SL analysis asks a broader range of questions about poverty and its causes. It is not bounded by sectors or existing notions of what is important. Detailed follow-up is then determined by the findings of the initial broad analysis. At this stage, sectoral expertise may become more important.

### Skills, tools and perspectives

In order to achieve both breadth and depth of analysis, it is important to build on all relevant skills, perspectives, tools and knowledge. Fortunately our ‘tool box’ already contains many useful options. These should not be overlooked in the quest for ‘the new’. Instead they should be flexibly combined to meet the objectives of the SL approach and poverty elimination.

Social, economic, environmental and governance perspectives and tools are all part of current DFID practice. The SL approach stresses the importance of all these areas and the contribution that they make to our understanding of livelihoods and poverty. It also draws attention to their complementary and overlapping nature. In particular, tools such as stakeholder and gender analysis and participatory approaches to information gathering are common to all areas and they can, and should, be used iteratively throughout SL analysis (see 4.3-4).

It is not only social science-based methods that are important in SL analysis. Analysis based on the natural and physical sciences may be particularly useful when analysing certain types of capital or when assessing the overall environmental sustainability of livelihoods in fast-changing situations (e.g. rapid rural to urban migration or industrialisation) where the past provides little indication of what the future might hold.

#### Box 1. Overlap between various existing perspectives

Perspective	Key objectives are to understand ...	
Social	<ul style="list-style-type: none"> <li>• important differences – in access, perspective, power, etc. – between social groups</li> <li>• the value attributed to different livelihood assets and outcomes</li> <li>• local social organisation and its effect on livelihoods</li> </ul> <p>– and to promote the needs of, and participation by, the poorest and most vulnerable groups</p>	<ul style="list-style-type: none"> <li>- common tools</li> <li>- overlapping objectives</li> <li>- shared data requirements</li> <li>- mutually reinforcing information</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• the economic environment in which people operate including: asset and other prices; economic incentives; returns to different strategies; the local effects of economic policy; production and consumption decisions; household budgets, etc.</li> <li>• the economic factors behind organisational/institutional behaviour</li> </ul>	
Institutional	<ul style="list-style-type: none"> <li>• the institutional context of livelihoods, including the role and performance of structures and the appropriateness of the processes adopted to support livelihoods</li> <li>• the quality of governance systems</li> <li>• the nature of policy-making processes and the local impact of policy</li> </ul>	
Environmental	<ul style="list-style-type: none"> <li>• the effect of livelihood strategies on the environment (including health, pollution, etc.)</li> <li>• the impact of environmental factors on livelihoods and poverty</li> </ul>	

Not all livelihoods analysis starts 'from scratch'. It is important to make use of existing information while avoiding existing preconceptions.

Adequate time should be allowed for bringing partners into the SL analysis process. It is important to build on partners' existing knowledge, to adapt methods to their needs and skills, and to ensure that they have the capacity to make a full contribution (see also 3.1, 4.7).

This sequence of analysis can equally well identify policy or local factors as the major constraint to livelihoods. If national-level SL analysis is called for (as an input to policy-making) it will be necessary to adapt this sequence, working more with secondary data and 'representative' sites.

### Scope and scale of analysis

SL analysis aims to find out about livelihoods in order to improve the design and implementation of poverty reduction efforts. It should initially be broad and relatively shallow, covering most or all aspects of the SL framework and employing various perspectives and types of analysis. As the main dimensions of livelihoods are uncovered and the meaning and causes of poverty become better understood, the analysis should become iteratively narrower and deeper.

The following are guidelines for the process.

- Begin by developing a broad understanding of livelihoods and their context, leading later to in-depth investigation of critical issues.
- The scale of enquiry should match the scope of the proposed project. At one extreme, the SL framework can be used as a loose guide to the range of issues that need to be covered by low cost and informal research methods. At the other extreme, the framework can be rigorously investigated in all its aspects utilising a range of individual, household and group methods.
- More elaborate investigation is required where there is lack of clarity about the beneficiaries of an intended project or policy shift, and lack of understanding about how the circumstances of the poor differ from those of the better-off.
- Similarly, greater depth of analysis is required when initial exploration (e.g. using key informants) results in ambiguous or incomplete understanding about the way in which a project or programme will improve the livelihoods of the poor.
- It remains important to keep in mind the broad dimensions of livelihoods and to continue with analysis of wider constraints even as the investigation becomes more specialised. This will help ensure livelihood outcomes are achieved and not thwarted by overlooked factors.

The SL framework is not a strait-jacket; it should be applied flexibly, rather than becoming over-codified and obligatory. If flexibility is lost, new insights that the SL approach seems able to provide will most likely be suffocated, and time and resources will be wasted.

### The sequence of work

SL analysis is equally important for policy-level and local-level projects. Indeed, since the SL approach emphasises the importance of macro-micro links, the distinction between these two types of projects is likely to become increasingly blurred. Furthermore, even when it is clear from the outset that the primary focus will be on policy or higher-level structural issues, it is important to collect local-level information to feed into the policy-making process. The SL approach stresses outcomes for poor people. These can only be understood through working with poor people themselves.

The following is a typical sequence for field-level SL analysis:

- a site (or several sites) for poverty reduction activity is chosen, usually based on secondary data, existing partnerships and activities;
- further secondary data is collected and analysed (if available);
- key informants are interviewed to gain a better understanding of the site(s) – a semi-structured list of questions covers the key components of the SL framework;
- one or more community meetings are held to obtain an overview of strengths, constraints, institutions and widely held priorities for action;
- more detailed participatory work is undertaken to ascertain the validity and significance of factors raised, and to examine variation in opinion across groups;
- once a proposal begins to move into an operational phase, additional in-depth investigation may be required. In some instances rapid methods may be sufficient, on their own, to plan activities for funding. In others, more lengthy investigation of particular features will be required (e.g. through sample surveys or more extended use of participatory methods).

## Who is responsible for what?

In an ideal world, teams performing SL analysis for project or programme purposes would incorporate a specialist for each angle that requires investigation. These specialists would be managed by an overall coordinator with a strong background in SL issues. It would be the coordinator's job to guide the process, helping to design the analysis so that it is cross-disciplinary and cost-effective. A key challenge for such teams would be to ensure that the analysis focuses on the reality of what is seen on the ground, rather than on sectoral preconceptions (see 3.3).

The SL approach stresses the value of team-working and puts a premium on effective team leadership. In the scenario above, it should be the task of the team leader to ensure that the various specialists work together, sharing their expertise, data, skills and tools throughout the process of analysis. This contrasts with a situation in which specialists employ their own methodologies, pursue their own agenda and work in isolation, coming together only at the end with a 'finished product' to be integrated into the whole.

Sometimes it is not possible (for cost or other reasons) to put together teams with the requisite array of specialists. Where this is the case, it will be particularly important for all team members to take a wide view of the task in hand so that key dimensions are not neglected. In most cases this will be sufficient. However, if opportunities and/or problems appear to be concentrated in an area for which there is no specialist, there may be a need to revisit the analysis with such a specialist at a later date.

## Knowing when to stop

The SL approach is prone to 'information overload' – the collection and processing of data far in excess of what is required in order to make effective decisions about poverty reduction projects.

- A sense of proportion is required: for small projects targeted at specific problems (e.g. finding a solution to a pest problem in chickpea production or to neighbourhood crime problems in poor urban areas), the livelihoods framework can be used as a quick checklist to ensure that this is a genuine priority problem and that other factors (e.g. land access, local authority) will not get in the way of project outcomes or cause adverse 'knock-on' effects.
- Broad-scale livelihoods investigation is more appropriate for larger, multi-faceted or policy-oriented projects and programmes. Common sense must be used to ensure that the resources and time taken for livelihood investigations are proportional to the likely scale of the resulting development activity.

In all cases it is important to avoid spending too much time and resources on information collection, to the detriment of analysis. The many aspects of the SL approach are complex. Without good analysis, even the best data is of little value.

It is more important to ensure that the 'right' questions are asked in an appropriate way – leading to an accurate and broad view of poverty and its causes – than to worry unduly about team composition, particularly in the early stages of SL analysis. Indeed, these *Guidance Sheets* aim to provide everyone with the basic tools and information to conduct effective livelihoods analysis.

A one-year NGO project designed to facilitate women's group formation around health issues does not require the same depth of understanding about livelihoods as a multi-objective, multi-partner, ten year watershed project.

See Section 8 of the *Guidance Sheets* for further reference material on various of the topics addressed in this and sheet 4.4.

Understanding environmental issues and the role they play in causing and perpetuating poverty is central to the SL approach. It is not always necessary to use 'traditional' environmental screening techniques to gain this understanding. What is important is to use a variety of techniques to gain information about environmental concerns and conditions, to ask the 'right' types of question, and to ensure adequate follow-up of the information gathered.

Gender analysis is distinct from – but complementary to – the need to ensure that all other types of data (e.g. on livelihood strategies and assets) are gender-disaggregated. The starting point of gender analysis is that there is a distinction between the livelihoods of men and women. The nature of this distinction is examined from various angles to gather a full and realistic picture of the role of women in society and the constraints they face.

This sheet and 4.4 provide an introduction to some of the important tools that we already have available to us for use in SL analysis. The tools appear in alphabetical order. No attempt is made at exhaustive coverage. Important points to note are that:

- These are not discrete tools – they overlap internally (e.g. market analysis or institutional appraisal might both make use of stakeholder analysis, and gender analysis will feature as a component of most other types of analysis). They should be used iteratively.
- Some tools are relevant for all aspects of SL analysis. Others are more appropriate for particular framework components or particular levels of analysis (local, district, national, etc.).
- Though these are 'traditional' tools, it is important to use them creatively. The SL approach demands more of existing tools while the SL principles and framework provide the basis for adapting tools to new uses. The focus should be on development outcomes not disciplinary orthodoxy.

### Environmental checklists

Environmental checklists are used to gain a better understanding of the relationship between the livelihoods of the poor and their environment. Checklists cover a range of questions. Some provide more general information, while others support detailed analysis of key livelihood issues highlighted in earlier investigation. Areas covered include:

- *Livelihood opportunity*: What role do environmental resources play in the livelihoods of the poor? Are important environmental resources being degraded? If so, why? What role do policies and institutions play in that degradation?
- *Health*: What is the contribution of pollution and other environmental factors (e.g. low quality drinking water, poor air quality, lack of sanitation, etc.) to the total burden of environmental disease of the poor? How prominent are vector-borne diseases in the total burden of disease?
- *Security/vulnerability*: To what extent are people vulnerable to natural shocks and disasters (e.g. droughts, floods, earthquakes, landslides, etc.)? Why are they so vulnerable (e.g. unstable soil, inadequate shelter, lack of coping mechanisms, inappropriate planning, etc.)?
- *Empowerment*: What capacity do local institutions have to manage and use environmental resources? Do the poor participate in decision-making concerning these resources?

There is clearly a close relationship between the above types of question and analysis of the *Vulnerability Context* (see 4.8), *Livelihood Assets* (see 4.9–10) and *Policy, Institutions and Processes* (4.11).

### Gender analysis

Gender analysis aims to uncover the dynamics of gender differences across a variety of issues, such as:

- *Social relations*: How are 'male' and 'female' defined in the given context? What are their normative roles, duties, responsibilities?
- *Activities*: What is the gender division of labour in productive and reproductive work within the household and the community? Who does what, when and where? Who performs reproductive, productive, community managing and community politics roles?
- *Access and control*: Who has access to and control over which resources, services, institutions of decision-making and networks of power and authority?
- *Needs*: What are the distinct needs of men and women? What are women's *practical* needs (i.e. given current roles, without challenging society) and what are their *strategic* needs (i.e. needs which, if met, would change their position in society)?

### Governance assessment

DFID's good governance assessment framework – currently structured for assessing the quality of national governance systems – uses a series of checklists for eight major areas: state viability and

sovereignty, structure of government, transfer of power and electoral arrangements, levels of government, government effectiveness (institutional and economic) and treatment of the population.

The questions most relevant to the SL approach that the checklists try to answer include:

- Is political power exercised fairly? If not, who is disadvantaged?
- How efficient and accessible are local service providers?
- Are government organisations honest, efficient, effective and accessible?
- Are basic human rights protected and enforced through the rule of law? Are property rights clear and enforceable? Do all have equal access to the formal justice and legal system? Do informal/traditional justice systems discriminate against certain groups?

The challenge in governance analysis is to differentiate between those factors 'controlled' by the structures closest to communities (e.g. local governments) and those variables determined by higher, and usually more remote, tiers of government. Within DFID, governance analysis currently focuses on the national arena. Further work is required to tailor the techniques for use with lower levels of government and community structures.

## Institutional appraisal

Institutional appraisal is a continuing rather than one-off task. It can be applied at various scales with different institutions and stakeholder groups. It seeks to understand the nature of the external environment and the impact of different factors within it, including:

- whether responsibilities (e.g. for service delivery, environmental management, etc.) are sensibly allocated within government and between it and the private sector (including local people);
- roles, strategies and whether organisational structures match functions (including looking at the nature of interaction between organisations and their clients at various levels);
- leadership, management style, incentives (financial and otherwise) and organisational culture and their implications for the content of, and approach to, change;
- management systems and their impact on performance (using key baseline indicators);
- human resource requirements and constraints; and
- financial performance and prospects for viability.

Institutional appraisal techniques are built around a series of checklists. These are most often used for formal structures and documented processes, though they can also be applied – with some modification – to more informal institutions and processes. In the SL context informal institutions can be of vital importance; though they are more difficult to understand, they should not be neglected.

## Macro-economic analysis

Macro-economic analysis enables us to understand the impact on the livelihoods of different groups of current macro policy (and to predict the effects of proposed policy changes). Macro policies – monetary, fiscal, trade and exchange rate conditions – affect the national economic context within which people make livelihood decisions. For example:

- When there is a devaluation, the local currency price of both traded commodities (e.g. export crops) and imported consumer goods and production inputs increases. This tends to encourage production for export and discourage imports. The impact upon the poor will depend upon their production/consumption patterns.
- Low interest rates can lead to inflation, which hits the poor hardest as they tend not to be able to protect against it by holding inflation-indexed assets (e.g. land and housing). On the other hand, high interest rates reward savers compared to borrowers, and the poor often have outstanding debt.

A critical review of key macro variables – usually based on secondary data – is therefore essential. This has strong links with the trends aspect of the *Vulnerability Context* (see 4.8).

There are strong links between institutional appraisal and the investigation of formal and informal institutions that has been part of most participatory poverty assessments (see 4.4).

Macro policies also mediate between the national and the international economy, affecting the way in which international prices and flows of resources feed into, influence and interact with national economic changes.



Food markets are key to livelihoods. It is particularly important to understand the extent to which the poor participate in these markets, on what terms, and whether they are net buyers or sellers at different times of the year.

PPAs are more than just a set of research techniques. They provide a new understanding of poverty and new paradigms for action.

Social and economic analysis often overlap. For example, when analysing village power structures in Malawi, social analysts were interested in the functioning of the authority system, while economists were interested in authority's effects on land allocation, investment decisions, etc. When looking at markets, economists are interested in prices, margins and efficiency while social analysts are more interested in the personal relationships between market actors and who is excluded.

### Market analysis

The SL approach recognises the importance of the private sector and markets. Markets are important in determining access to assets and livelihood strategies, terms of exchange for assets, and returns to investment. It is important to understand why markets work as they do, why they sometimes fail and what can be done to improve their working to the benefit of the poor. This includes consideration of who participates in markets, how markets are structured (e.g. number of buyers and sellers and market 'imperfections' such as lack of property rights) and prevailing price and volume trends. The behaviour and performance of markets is critically determined by their integration with other (for example regional or national) markets, and by institutions and infrastructure that support information flow and reduce the costs and risk of market transactions.

### Participatory poverty assessment techniques

Participatory Poverty Assessment (PPA) is an iterative, participatory research process that seeks to understand poverty from the perspectives of a range of stakeholders and to involve them directly in planning follow-up action. PPAs make use of a flexible variety of PRA-derived techniques to elicit key characteristics of poverty in specific areas and among specific individuals or groups. PPAs can be standardised across different areas and groups by using the same set of questions or discussion points. These might include, for example:

- What is a good life and what is a bad life?
- What are poor people's priorities?
- What are the nature and quality of poor people's interactions with institutions?

PPAs enable the poor to define the dynamics of poverty in a particular area or among a particular group. Because they elicit information on the relationship between livelihoods and poverty processes from the poor themselves, PPAs constitute a key aspect of an SL-oriented social analysis.

### Risk assessment

See 4.8

### Social analysis (see also 4.9 for a discussion of social capital)

Social analysis provides information on relevant characteristics of poverty, vulnerability and social exclusion, including:

- the social positioning of individuals or families (distinguished by kinship, age, gender, ethnicity, religion, caste, etc.);
- which social axes (e.g. standard of living or extent of poverty, gender, age, ethnicity) are important in defining groups for more detailed livelihoods analysis;
- what the dimensions and effects of exclusion of various groups are (e.g. lack of access to assets, to services, to household or community-level social institutions, or lack of voice);
- the existence and cause of conflicts within communities;
- power and authority as manifested by traditional authority (e.g. village chiefs, community leaders) and the authority of the state and its agencies; and
- non-market, social institutions such as customary tenure, common property.

Social analysis aims to understand the perspectives of the poor in their own context. This includes taking into account the fact that livelihoods are socially constructed so that things such as the relative value of different types of capital will differ by social group.

## Stakeholder analysis

Stakeholder analysis is used to identify primary and secondary stakeholders and the relationships between them. Stakeholder analysis can help to reveal, for example:

- the capacities of different stakeholders to participate in (and benefit from) development activity, and their perspectives on that activity;
- the relative political power, access to information and institutional means to command attention (including blocking change) of different groups;
- the complexity of organisational relationships;
- the area and sources of power and patronage;
- who depends upon which environmental resources and services and how they are affected by change;
- gaps and overlaps in the roles and functions of different stakeholder groups.

If carried out properly, stakeholder analysis also helps bring the poor into the development process and ensure that their views are incorporated in decision-making.

## Strategic conflict assessment (SCA)

The introduction of new technologies, privatisation of public services, commercialisation of common property resources, growing consumerism and new government policies all exert pressure on individuals and community groups. This pressure can manifest itself in conflict, which is an underlying constraint to the livelihoods of many of the poor (see 4.8).

The aim of SCA is to come to a multidimensional understanding of conflict within a country or region, to assess its impact on various groups and to identify opportunities for peace-building. It can be used when conflict is latent, open or disguised by fragile peace. Key steps in SCA include:

- consultation with relevant stakeholders;
- identification of conflict-related risks (using economic, environmental, social, political and security-related indicators);
- identification of strategic opportunities for peace building (through facilitating local peace-building capacity or otherwise);
- definition of a conflict management strategy; and
- monitoring and review of that strategy.

Where severe conflict is found to exist, there may be cause to abandon proposed development activity in an area. Alternatively, it may mean that peace-building efforts must precede any other project activities.

## Strategic environmental assessment (SEA)

Appraisal of environmental issues early on in strategic decision-making helps orient any subsequent programmes and projects. SEA focuses on issues of policy and planning, providing information that enables policies and plans with likely adverse consequences to be amended and those that offer environmental opportunities to be promoted. In particular, SEA allows consideration of alternative strategic options to meet the same goals, leading to greater flexibility in mitigating negative impact, especially at lower levels.

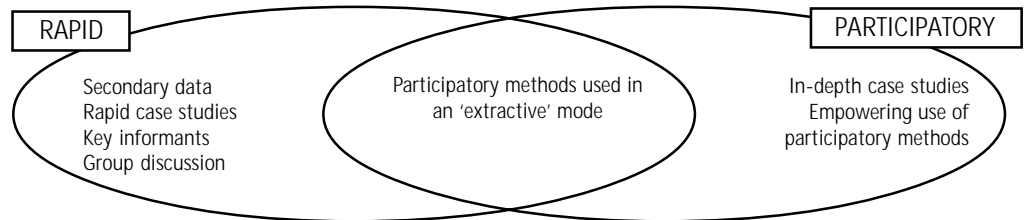
The overall aim of the process is to integrate environmental considerations with economic and social development planning and to facilitate broader consultation in strategic decision-making.

Primary stakeholders are those that are directly affected by an activity (e.g. the desired beneficiaries of a project and the implementing agencies). Secondary stakeholders are indirectly affected by the activity (e.g. non-beneficiaries whose access to a resource may be affected, traders who may benefit, etc.).

Environmental insecurity is an important source of tension and disputes. It can exacerbate other forms of conflict. Major 'man-made' threats (e.g. increased competition for water, deterioration of agricultural land, etc.) often interact with and reinforce natural threats (e.g. flooding) resulting in large-scale population movements. But people often migrate into areas that are even more environmentally fragile or disaster-prone. They therefore enter a vicious circle of displacement, environmental disruption and further displacement.

There is a strong overlap between SEA and the analysis of policy that is described in Sheet 4.11.

Rapid and participatory methods are two important categories of tool for conducting livelihoods analysis. They overlap, as the figure below illustrates.



Newspapers and other forms of media can be a useful source of secondary information.

### Secondary data

Secondary data refers to information and statistics that are already available when livelihoods investigation begins, including: reports by NGOs, donors or government agencies (including the results of national or regional (participatory) poverty assessments); the results of previous in-depth research in an area; and statistics regularly collected and published by government agencies.

Secondary data can be uneven in coverage, availability and accessibility. It may focus only on major livelihood strategies or characteristics and it can also be unreliable. But it does also have advantages – often providing material that is not available elsewhere and that cannot be collected in a project context (e.g. information on the macro-economy and national environment that helps shape our understanding of the *Vulnerability Context*). It should be used to inform, rather than frame, our understanding of livelihoods.

It may sometimes be appropriate to seek out key informants because of their profession or expertise – e.g. a health worker to discover how a local clinic is funded – but this is not the only purpose to which this method can be put.

### Key informants

Key informants are individuals who are approached for their views on livelihood issues, using a semi-structured list of questions. There is no need for these informants to hold particular positions of prestige or power. Indeed, for livelihoods work, the key informants chosen should be diverse – government officials, private entrepreneurs, traders, community leaders, teachers, farmers, women of different ages and occupations, people from groups that tend to be excluded, ordinary citizens, etc.

The knowledge that can be gained from key informants – especially about the more complex issues that may not be appropriate for group discussion – is often underestimated. When starting from scratch, there is probably no method that is as low cost, relative to the increase in understanding obtained, as spending three days in an area talking to a wide variety of people around a particular theme. The key to maximising the value of this method is triangulation, meaning that the views and opinions of diverse individuals are solicited. However, in this process, awareness of the existence and potential dominance of certain groups or interests is critical, and guarding against this by ensuring that the viewpoints of ‘silent’ groups are included is necessary.

Case studies may need to be built up over a long period of time: this is not always a rapid method. Longer-term pieces of work help build trust with informants. If trust is lacking, data generated may be quite unreliable. A common problem occurs when answers are tailored to fit in with the perceived interests of the interviewer.

### Individual and household case studies

Case studies represent a step up in the level of detail from key informant interviews. They typically involve a semi-structured list of questions allowing for a mixture of qualitative and quantitative data to be collected. Ideally, individuals or households should be purposively selected to represent rather different livelihood circumstances (of poor people) so that a range of experience can be compared. Output is typically in the form of a page or so ‘pen portrait’ on each individual or household interviewed. In some cases, a sample survey form may be used (see 4.6), though this is not done with a view to inferring population characteristics from the data collected.

One-off application of this method is inexpensive and timely, and well-suited to being done in conjunction with PRA activities. Potential failings include undue fascination with the lives of a few

respondents, leading to failure to grasp the larger picture. Because random sampling methods are not followed, there is a risk that the cases chosen represent the interviewer's personal biases, or are atypical of the livelihood circumstances of the social group from which they are selected. Case studies are therefore usually (but not always) used in conjunction with other methods.

## Participatory methods

The SL approach builds on the success of participatory methods in making local-level development initiatives much more people-centred. Nowadays, participatory approaches are used not only for investigative purposes, but also to involve people in the processes that affect their livelihoods and empower them in dealings with external actors. By inviting community members to facilitate participatory exercises, learning within the community can be maximised. If service providers are included in the exercise, it may be possible to find solutions that these providers will support in the longer term.

Although there can be problems of bias, participatory approaches offer an excellent array of techniques for rapid exploration of livelihoods (see Box 1). They have substantial strengths in terms of qualitative information, ordering of priorities, income/wealth ranking and purposive involvement of distinct social groups in problem-solving. They are also useful for analysis of the historical, social and environmental context of livelihoods and they are being increasingly used to understand policy issues. Participatory analysis of policy outcomes using ranking techniques, and participatory analysis of policy-making procedures and institutions (e.g. using flow charts and diagrams), can provide a much needed 'bottom up' perspective to counter the typical 'top down' view of the policy arena.

The SL approach does not invoke new participatory methods, but it does require that existing methods are used to obtain a wide view of assets, options and constraints to the advancement of the poor. This is somewhat different from past uses of participatory methods, when the tendency was to use the techniques to explore rather narrow sectoral initiatives (e.g. food crop production preferences, community management of common resources, sanitation preferences).

It is important to guard against researcher bias. This occurs when the investigator selects individuals, or writes down only those views, that accord with their own preconceptions about how things work.

In an urban development project in Tijuana, Mexico, undue focus on one type of infrastructure (street paving), instead of engagement in a wider participatory planning process, has resulted in a piecemeal approach to urban upgrading.

### Box 1. Various participatory methods and their uses

PRA method	Brief description	Particularly useful for
Timelines	Historical profiles of longer-term events or trends	Vulnerability context, policy change
Seasonal calendars	Graphical depiction of seasonal events or trends	Vulnerability context, assets, strategies
Transect walks	Land-use maps based on walking through particular areas	Quality and quantity of natural capital
Resource maps	Maps identifying natural and other resources	Existence of shared natural capital
Social maps	Maps locating key social features	Access to services and infrastructure
Preference ranking	Ordinal ranking based on pairwise comparisons, with reasons stated for the choices made	Livelihood strategies, assets, access to services
Matrix ranking	Preference ranking based on defined criteria with scoring	Access to infrastructure, livelihood strategies, investment choices
Wealth ranking	Assigning households to well-being categories	Strategies and assets needed to exit from poverty, relations between social groups
Venn diagrams	Diagrammatic representation of key institutional interactions	Social capital, relations between social groups, institutional and policy environment

Sample surveys are complementary to, and often informed by, participatory methods. To be effective, sample surveys should be preceded by an initial qualitative overview of the community or context in which they are to be carried out. This will enable survey work to be much more precise and effective in verifying existing data. For example, the initial overview can identify the most important social unit of analysis in terms of control over assets. Depending upon the society, this may be a household, partial household, individual, or a larger group (e.g. a cattle camp, kin group or professional group). The initial enquiry should also help to reveal the extent to which concepts of asset ownership are appropriate in a given society, and help identify proxy questions for the sample survey questionnaire.

Sample surveys are particularly useful for generating quantitative data on specific livelihood attributes – notably the distribution of asset and activity profiles in a population and over time. The box below shows the type of information that might usefully be gathered through a survey.

Economic information	Assets	Livelihood strategies	Access to services
<ul style="list-style-type: none"> <li>• production levels</li> <li>• income (cash, in-kind)</li> <li>• consumption levels</li> <li>• cash costs of production</li> <li>• non-cash costs</li> <li>• seasonal prices</li> <li>• seasonal wages for different tasks</li> </ul>	<ul style="list-style-type: none"> <li>• productive assets</li> <li>• quality of shelter</li> <li>• access to infrastructure</li> <li>• access to training and education</li> <li>• household labour availability</li> <li>• nutrition</li> <li>• financial services and conditions</li> </ul>	<ul style="list-style-type: none"> <li>• remittances received</li> <li>• migration patterns</li> <li>• income by source (cash, in-kind) for various household members</li> <li>• access to rural resources for urban dwellers (and vice versa)</li> <li>• seasonal variation in strategies</li> </ul>	<ul style="list-style-type: none"> <li>• service providers</li> <li>• standards of delivery</li> <li>• fees and charges</li> </ul> <p><i>Note: There is overlap between these categories. They are used for illustrative purposes only and are not exhaustive.</i></p>

This, in turn would enable those involved in livelihoods analysis to:

- calculate total household income and show seasonal variation;
- divide household income between sources, between subsistence and cash income and between different household members;
- gain a better understanding of household structure and intra-household issues;
- compare different communities and wealth groups for patterns of income sources;
- compare levels of critical assets between different groups; and
- identify the major constraints in accessing services.

However, it is important not to be too ambitious when employing sample surveys. Income data, in particular, can be unreliable and highly influenced by the time of year at which it is collected. It may sometimes be more effective to gather consumption data, as this avoids problems of distinguishing between cash and subsistence income (though consumption patterns also vary through the year).

### Guidelines for sample surveys

The following are possible parameters for conducting a sample survey for livelihoods analysis.

#### Timing

- Identify and become familiar with relevant secondary data, identify the sample frame (the units from which the sample will be selected), devise survey forms and set-up with local researchers (2–3 weeks).
- Pre-test survey forms in the field and train enumerators, if necessary (1–2 weeks).
- Undertake the sample survey, including associated PRA activities (4–6 weeks).
- Enter and check data (2 weeks).
- Analyse data and prepare the report (minimum 6 weeks).

Services can be provided by both the public and the private sector. It may be important to distinguish between the two, but more critical is to assess levels of service available to different groups, regardless of who is providing them.

The total elapsed time, assuming that everything runs smoothly, would be four months. This sequence allows time for repeat visits in order to verify particular points (useful when data appears to be questionable or when certain individuals within a household are absent when the survey is conducted). Additional time is required to undertake full-scale repeat surveys across the calendar year to capture seasonal changes in household activities, etc.

### Format

- Surveys should take under an hour to administer (4 sides of A4 of questions is a rough guide).
- Avoid ambiguous questions and focus on quantitative data. Enumerators should be well-trained and effectively supervised.
- A sample size of at least 30 from any single group is often appropriate. (Group selection is based upon the initial qualitative enquiry and the purposes of the survey. A group may be defined by location, resource conditions, tenure conditions, wealth, age, etc.) A possible option is to select three groups for comparison giving a combined minimum sample size of 90.
- As always, it is important to disaggregate populations and ensure that all relevant social dimensions are covered (e.g. men, women, different age or wealth groups, etc.).

## Strengths and weaknesses of sample surveys

Advantages of sample surveys include:

- They generate detailed information about a population from a small sample, so minimising costs and resource requirements.
- Standardisation of questions and answers allows for comparisons to be made.
- They help reveal whether sample populations (and, by extrapolation, wider populations) are relatively uniform or highly heterogeneous, thereby improving the design of projects and/or programmes.

Despite these strengths, sample surveys have a bad image. In the past they have commonly represented undesirable practice, being too costly and slow, poorly implemented and purely extractive in nature. Often the data gathered has been removed to foreign countries for analysis and no local capacity has been built. It is important to guard against these hazards when using such surveys for livelihoods analysis. Other weaknesses to be aware of include that:

- Researchers almost always overestimate the data required to find out about different aspects of livelihoods. At the same time they underestimate the time taken to process and derive results from that data. This can result in much unutilised data and great delays between collecting the information and being able to act on the results.
- Many social scientists feel impelled to skip simple data analysis in favour of sophisticated statistical routines. In the process, more obvious livelihood insights can be overlooked and valuable interpretation by non-specialists may be neglected.
- Asking for information about incomes, some assets and intra-household issues can be very sensitive (and sometimes cannot be done at all). Progress can be made by building trust between enumerators and members of the community during any preceding PRA phase and by approaching difficult questions in roundabout ways (for example, asking about consumption rather than income, see also 4.10).

It is better to have a small sample and ensure that this is well-researched, than to have a large sample full of inaccuracies of data collection and analysis. One way to achieve this is to ensure that enumerators are well-trained and that they are appropriately selected with regard to gender, language and ethnicity.

If possible, and this will vary culturally, several household members should be present at the time of interview so that they can debate and verify with each other the data that is being elicited. Triangulation of data collected at different times and from different sources is also important.

Section 7 of the *Guidance Sheets* (in preparation) will present actual case studies showing how particular issues have been addressed. These will be linked to DFID's SL website and learning platform: [www.livelihoods.org](http://www.livelihoods.org)

Although qualitative research does not generally strive to produce absolute values, qualitative information can sometimes be aggregated to produce quantitative estimates.

This sheet brings together and begins to address some of the concerns and tensions identified by those already involved in livelihoods analysis. Other challenges are likely to arise as livelihoods analysis becomes more common. It is hoped that many of these can be addressed through exchange of information between practitioners, though some may require more deliberate policy-oriented research.

**Qualitative vs. quantitative research**

Livelihoods analysis makes use of both qualitative and quantitative research.

*Qualitative* research does not seek to establish absolute values for the things that it investigates; its aim is to build up an accurate interpretation of what is being researched through triangulation of many different descriptive sources. There is a strong overlap between qualitative research and participatory research (see 4.5), although the two are not synonymous. Though its chief strengths are in qualitative information gathering, participatory research can also collect quantitative data, or ordinal data that is susceptible to quantitative analysis. In addition there are many non-participatory techniques that can be used to gather qualitative information (many interview and key informant techniques would fall in this category, as would time/activity studies, which may provide more accurate information than PRA techniques).

*Quantitative* research seeks to place reasonably firm, absolute levels or values on the things that it investigates. This may be done using simple 'counts' (e.g. of population size, water points, clinics, varieties of rice in use), economic calculations (e.g. of net income from a given source or by household member) or statistical inference techniques (e.g. to infer population characteristics from a sample). However, the chief method of quantitative research remains the sample survey (see 4.6).

There is much debate about the relative importance of these two types of research and how they are best combined. The table below shows strengths and weaknesses of both.

Type of research	Strengths	Weaknesses
Qualitative	<ul style="list-style-type: none"> <li>Provides the initial basis for further quantitative work (may be sufficient on its own)</li> <li>More participatory</li> <li>Can be quick and low cost</li> <li>Good for social processes and context</li> <li>Can explain causes of quantitative findings</li> </ul>	<ul style="list-style-type: none"> <li>More prone to bias because of reliance on interpretation</li> <li>Difficult to infer population characteristics from a small sample</li> <li>Can be very time-consuming</li> </ul>
Quantitative	<ul style="list-style-type: none"> <li>Can be more concrete, systematic</li> <li>Can infer population characteristics from a small sample</li> <li>Can test the significance of quantitative findings</li> </ul>	<ul style="list-style-type: none"> <li>Concreteness can mislead</li> <li>Can be very extractive</li> <li>Tendency to collect too much data and to produce over-complex analysis</li> </ul>

Effective livelihoods work needs a combination of qualitative and quantitative research methods (and thus a variety of research skills). The precise nature of this combination will vary according to the task in hand, but some pointers to good practice in this area are as follows:

- Reliance either on purely qualitative or on purely quantitative methods and data is not in general a good idea, although there may be instances (small projects based on group working methods) where qualitative methods alone are sufficient.
- A phased approach is likely to apply in many cases, with different methods playing different roles in sequence, as suggested in Sheet 4.2.

- Within this phased approach, moving from the general to the particular, the sample survey would tend to be last data collection method deployed due to its higher cost and longer time-frame.
- As always, it is essential to avoid generating too much information; the information gathering process should be halted as soon as enough is known to proceed with project or policy decision-making.

### Extractive vs. empowering methods

Adoption of an SL approach indicates acceptance of the fact that answers are not known, and that learning processes that involve poor people are required. In this context, tension often arises between extractive (extracting information for use by others) and empowering (seeking to empower those who participate) objectives of various field methods. It is becoming clear, however, that the objectives of the two are complementary rather than conflicting.

This section of the *Guidance Sheets* is mainly concerned with finding out about livelihoods in order to inform project design, monitor the effects of development activity and evaluate outcomes. It therefore tends to emphasise more extractive methods. It is not about project implementation, nor about ways to ensure that projects involve and empower intended target groups. However, many projects whose goal and mode of implementation are empowering in character are preceded by quick and effective extractive exercises to discover pre-project conditions and interim project effects. For example, ranking methods used to reveal community priorities for primary healthcare (extractive) can lead to a healthcare delivery project that incorporates participation in establishing the operational guidelines for healthcare workers (empowering).

### Working with partners

Livelihoods analysis (and subsequent activities in support of livelihoods) should be conducted with partners (see 1.2, 3.1). Indeed, in many cases the SL approach will be employed in support of partners' existing initiatives.

Partnerships will be facilitated by a shared commitment to poverty reduction and should be based upon basic principles of equality, ownership, and participation. Partners should be fully involved in all stages of livelihoods analysis and subsequent planning. It is also important to make the 'results' of past uses of the SL approach available to partners in a concrete form.

There are many different entry points that can serve to promote a pro-poor agenda with partners (e.g. poverty approaches themselves, decentralisation, rural development, local economic development). Once the entry point has been identified, the SL approach can act as a mechanism to help build the partnership, understand local circumstances and design development activity.

While it is important to facilitate a situation in which all development partners share the same approach, flexibility is key. Partners should be given the space to adapt and change proposed methodologies to fit in with their existing methods and with local skills and conditions. Presentations, consultations, discussion and practical exercises that include senior staff from partner organisations can help to ensure that the SL approach and SL framework are widely available and understood. Through this process, DFID and partners can learn together – both about the nature of livelihoods and about the particular role for DFID support.

Efforts should be made to minimise the disruption to people's lives when conducting livelihoods analysis – though there will be a trade-off here with participation and thoroughness of analysis.

Investigating livelihoods is about working with partners and local people. Partnership with in-country research expertise is central, and learning about the people who are involved or likely to be affected by project and policy decisions is also essential.

It is important to share SL ideas not only with developing country partners, but also with bilateral and multilateral partners.



**METHODS**

**VULNERABILITY CONTEXT**

It is important to recognise that vulnerability or livelihood insecurity is a constant reality for many poor people, and that insecurity is a core dimension of most poverty. We are not talking about isolated events or occurrences but about a dynamic situation in which the poor are always on the brink of extreme insecurity, sometimes falling just below, sometimes rising just above. The SL approach seeks to militate against such insecurity through building up resilience.

The *Vulnerability Context* refers to the seasonality, trends, and shocks that affect people’s livelihoods (see 2.2). The key attribute of these factors is that they are not susceptible to control by local people themselves, at least in the short and medium term. It is therefore important to identify indirect means by which the negative effects of the *Vulnerability Context* can be minimised – including building greater resilience and improving overall livelihood security. This is of particular importance for the poor, since a common response to adverse seasonality and shocks is to dispose of assets. Yet the poor often have no saleable assets. Their lack of assets also means that they are often less able than their richer counterparts to respond to positive trends.

**How are vulnerability factors best identified?**

There are two core considerations when thinking about the *Vulnerability Context*. These are:

- the extent to which different groups are exposed to particular trends/shocks/seasonality; and
- the sensitivity of their livelihoods to these factors (this relates directly to resilience).

These issues are best approached in a phased way, beginning with an overview of those risk factors to which different groups in the community are most prone (e.g. food insecurity, drought, eviction, illness and death, etc.). This can be followed by more detailed analysis of key problems, the nature and magnitude of expected changes, coping strategies and potential solutions. The table below shows some examples of the types of methods that can be used.

For finding out about ...	Method
Events and trends that cause stress (either regularly or intermittently)	Key informants
The existence of trends and sudden changes in such trends	(including external experts)
Historical occurrence of floods, droughts, epidemics, local environmental trends and cycles	Timelines
Level of food stores across the year, rainfall, crop planting and harvesting schedules, food prices, changes in health status	Seasonal diagrams, sample surveys
Relative importance of vulnerability factors to different groups	Preference ranking
Trends	Secondary data
- rainfall, temperatures (link to participatory data)	- meteorological
- producer and consumer prices across the year	- price, economic
- population density	- demographic
- degradation/renewal situation	- resource stocks
- morbidity, mortality	- health

Vulnerability is the result of many factors, some of which relate to policies and institutions and a lack of assets, rather than to particular trends, shocks or aspects of seasonality *per se*. For example, many poor urban residents suffer vulnerability due to their informal legal status, poor living environments (both physical and social), and lack of subsistence production. It is important to gain a full overview of the causes of and underlying reasons for vulnerability. **Participatory methods** and **key informants** can be particularly useful in this regard. **Outside experts** may also have valuable perspectives.

Vulnerability to physical violence may be related to factors such as religious orientation, caste, ethnic origin or language. It can also be a result of gender and age; girl children may be particularly at risk.

**Politics and conflict as a source of vulnerability**

Uncovering various forms of political and physical vulnerability and the ways that these affect, constrain or diminish livelihood options, is a key aspect of SL analysis. Unfortunately it is often neglected. Consultations with the poor indicate that insecurity and vulnerability to physical violence, often at the hands of police or security forces or other structures of state authority, are key livelihood constraints. In many cases these concerns form part of the definition of what it means to be poor. Political factors, including those that relate to informal structures at the local level, can also have a

profound effect on vulnerability. For example, in an urban context the continued existence of an illegal settlement is frequently dependent upon coercive patronage relationships. In the rural context, conflict over natural resources (land, water, woodland, fisheries, minerals, wild plants and animals) may make the livelihoods of certain groups very insecure.

## Trends

Livelihoods can be made more or less vulnerable by long-term trends. When investigating trends, it is important to distinguish factors that may be susceptible to change (in direction or intensity), from those that appear likely to continue on their current trajectory, making livelihood adaptation inevitable. For example, many economic trends – such as the long-term decline in the real prices of many tropical agricultural commodities – are relatively fixed and predictable. Other long-standing trends can, though, be subject to sudden change. For example, the construction of a new harbour can have a rapid impact upon coastal erosion and deposition rates.

It is also important to recognise the difference between 'local' trends and national or more global trends. The latter are usually more difficult to alter. Nevertheless, ensuring that the lessons learnt in smaller-scale projects feed up to higher levels and help bring about higher-level change is a key objective of the SL approach. For example, if a project is able, over time, to help reverse local degradation trends, this experience should be fed into the regional and national dialogue and action planning processes for environmental protection. Projects should build in this type of information sharing and policy influencing from an early stage.

## Shocks

When considering the risk of shocks, the community's (or groups within the community) own sense of past events and how often they occur can be a good guide to frequency and severity. For those types of shocks that cannot be predicted at all, even with the most sophisticated methods, **community discussion** may help think through ways of reducing negative impacts, especially on the most vulnerable groups.

## The role of risk in livelihoods analysis

Vulnerability is fundamentally about risk, uncertainty and lack of security. One important consideration when thinking about the *Vulnerability Context* is the probability of a given event – shock, trend or seasonal variation – occurring. While it is unlikely to be necessary to conduct a full-scale risk analysis in the context of routine livelihoods analysis, there may be occasions when project or policy design depends on a detailed assessment of risk. This might be the case in disaster preparedness and mitigation programmes or when projects are specifically concerned with risk reduction (e.g. when crop insurance schemes are under consideration).

Some indicators of risk can be relatively easily derived from the **secondary data** used to examine seasonality and trends. For example, meteorological data can reveal the frequency with which the rainy season is delayed or fails altogether. Time series price data can reveal the existence of a long-run price trend as well as the probability of continuation. Sensitivity analysis (i.e. demonstrating through modelling the likely consequence of a particular change) can be used to think through the livelihood impact of change. It is also used for examining the effect that changes in core, underlying variables are likely to have on predicted outcomes. For example, price figures within +/- 20% of the expected trend might be examined to assess the impact on livelihoods.

The question of risk is also key to project planning. It is standard DFID practice to conduct a risk assessment of projects during project preparation. If projects are framed by the livelihoods approach, and project objectives relate to supporting people's livelihood objectives, there will be a strong link between project risk factors and overall livelihood risk factors.

See 4.4 for a discussion of Strategic Conflict Assessment.

Some changes that appear as trends at a national or regional level can impact on the household as severe shocks. This is particularly true for illnesses such as AIDS.

Altering global environmental trends (e.g. climate change) is extremely difficult. However, it remains important to consider the local-level impact of such trends, and how this affects livelihoods.

In the urban context, discussions of past eviction efforts can reveal both when these took place (people remember when the bulldozers came in) and the strategies adopted to cope with such shocks.

The Caqueta Pilot Project in Lima, Peru, aimed to identify sustainable risk reduction measures in an area vulnerable to landslide, earthquake and fire. Risk was evaluated through participatory planning workshops, the findings of which fed into project design.

See 2.3 for more detailed discussion of assets and the roles they play in livelihoods.

Access to assets does not necessarily mean control over those assets or the services they generate. Ownership, access, and cost of access and/or maintenance may need to be considered separately.

Human capital depends upon both the quality and quantity of time available. It is useful to think about how different social groups allocate their time (e.g. for domestic purposes, leisure, socio-political activity, productive work activity) and the opportunity cost of this time. Time-use surveys can provide very detailed information on these issues, though they tend to be costly to administer.

Projects concerned with food security and nutrition regularly use sample survey methods to examine age–weight–height relationships for children in order to determine patterns of undernutrition.

This sheet and sheet 4.10 are concerned with the asset status of different groups of people and the communities in which they live. The SL approach endeavours to build on these assets (strengths) instead of emphasising weakness and need. In order to do that, it is important to understand:

- levels of assets and their distribution among individuals, households, groups, neighbourhoods and communities (gender and age disaggregation are essential throughout the investigation);
- changes in asset status over time (cycles within a year as well as longer-term changes);
- the roles assets play in livelihoods (some assets – e.g. livestock – fulfil multiple functions); and
- asset interactions.

Many of the answers to questions about assets will be found not through investigation of the assets themselves, but through investigation of the relationships between assets and other components of the SL framework. This underlines the importance of retaining a holistic view during investigation.

### Methods for investigating human capital

Depending on the scope and purposes of the investigation, various methods can be used to assess human capital (see 2.3.1. for a definition and discussion of human capital).

**Secondary sources** often provide a good overview of human capital issues. Much data on human capital is routinely collected by governments, or emerges as a side product of government responsibility for the delivery of services such as education and healthcare. In a livelihoods analysis context, this type of data is most useful when collected at disaggregated levels within countries (e.g. provincial human development reports). Composite indicators (e.g. the UNDP's Human Development Index) and cross-country comparisons made by international organisations can also be useful. Drawbacks of secondary data include inaccuracy, outdatedness and over-aggregation at both a geographic level and between different groups. For example, data is not normally presented by age and gender groupings, meaning that supplementary investigation is often required.

**Participatory methods** are well-suited to finding out about the provision of services and facilities that enhance human capital (such as schools/education, healthcare and sanitation facilities). Such methods can also uncover barriers to access resulting from cost, location, or social factors (e.g. gender, social status). An important advantage is that such methods can help engage members of the community in problem-solving exercises, and through their use, service providers can be brought together with community groups to seek joint solutions to problems.

**Sample surveys** are useful for collecting less controversial data, including a variety of indicators of human capital (e.g. household demographics, education levels and access for various family members, health status of family members). They can also provide some indication of a household's (or individual's) ability to command labour beyond their own direct labour contribution. However, in order to understand why some people command labour, why others do not and who is systematically excluded, it will probably be necessary to complement surveys with more qualitative methods (key informant interviews, focus groups, participatory techniques). Gender considerations and intra-household analysis are of great importance when investigating command over labour.

Box 1 shows some indicators of human capital. Many of these are available from secondary sources.

#### Box 1. Some simple indicators of human capital

##### Service delivery

- public expenditure per capita
- physicians per thousand population
- primary school student:teacher ratio

##### Outcomes (these should be disaggregated by gender)

- life expectancy at birth
- adult mortality rate (probability at age 15 of dying before age 60)
- under 5 mortality rate
- primary school net enrollment rate and completion rate
- literacy rate
- newspaper readership

## Methods for investigating social capital

Sheet 2.3.2 makes clear the difficulty of defining social capital. This asset operates at different scales and because it refers to the moral and organisational context within which livelihood decisions are made, it is closely associated with issues of trust and reciprocity. These qualities are intangible and their assessment is therefore indirect, interpretative and open to disagreement and debate. However, capturing the ways in which peoples' social relationships, networks, associational and institutional linkages represent strategic livelihood resources is of enormous importance. The following are the types of question that must be asked.

- What social linkages or networks exist for a particular social unit? At what scale do they operate?
- To what extent do these links provide tangible resources and services that support livelihoods?
- Does affiliation to particular social networks or institutions constrain people from achieving given livelihood outcomes?

A common entry point for analysis is a **community-wide survey** of associative-type organisations, their membership and activities. However, it is not just the existence of such organisations that is important; what is significant is the functionality of these social links vis-à-vis livelihoods. This issue can be investigated through the creative use of existing PRA and survey techniques.

**Social maps** can help identify and locate – spatially and in terms of scale – the institutions and social relations to which people have access. For example, kin-based networks will often (but not always) be located primarily within peoples' residential locale. Other associations may be located in neighbouring urban centres or at district and national level. Lack of links between formal and informal institutions and between institutions at different scales can be a key constraint to livelihoods.

**Timelines** can be used to track broad changes in social capital and to examine why some associational links and institutions are more resilient than others to shocks and stresses.

**Matrix/preference ranking** can show the relative priority people attribute to given social networks as well as helping to understand the significance of these for particular aspects of livelihoods. For example, kin links may assist with the provision of food or cash as a 'safety net' during crisis but civil society institutions provide wider support for human capital development (health and education).

**Venn diagrams** provide an additional means for establishing the roles, responsibilities, and expectations that people have concerning various formal and informal institutions. The use of Venn diagrams also assists with problem identification (in terms of cause–effect relationships).

Box 2 shows some indicators of desirable social capital that have been used in empirical studies. It should, though, be borne in mind that social capital is a slippery concept and one that is subject to much disagreement. For example, occupation and kin homogeneity appear in the box as positive indicators, but they could also make a group particularly vulnerable to shocks because risk is not widely spread. Other concerns about social capital include the fact that:

- the concept may be unfamiliar, and therefore alienating, to partners;
- reliance on extended networks can indicate vulnerability rather than being a source of strength;
- groups exclude as well as include, constrain as well as facilitate;
- the costs of maintaining social capital can be high, and may fall disproportionately on women or less powerful members of the household.

For a more detailed discussion of social capital, see the DFID *Key Sheet* on this subject. This is available on the web at [www.oneworld.org/odi/keysheets](http://www.oneworld.org/odi/keysheets)

Sample surveys can be used to quantify links between organisations. They are best employed after PRA techniques have established the focus of investigation.

Cities are often less safe and more socially fragmented than rural areas. Social capital may be lacking amongst migrants; they may be forced to rely on powerful individuals who exploit their powerlessness. However, in established settlements, or where communities have a common bond (e.g. migration from the same area or caste), the potential for building social capital can be good.

### Box 2. Indicators of desirable social capital

#### Group level

- extent of membership
- degree of participatory decision-making
- kin, income and occupational homogeneity within the group
- extent of trust in the group

#### Individual level

- extent of reliance on networks of support
- % of household income from remittances
- % of household expenditure for gifts and transfers
- old-age dependency ratio

Source: Grootaert, C. (1998) 'Social capital: The missing link?'. *Social Capital Initiative Working Paper No.3*. Washington, D.C.: The World Bank.

**METHODS**

**LIVELIHOOD ASSETS II**

**4.10**

Women and men often have differential access to natural assets and vary in their dependence on particular assets. Investigative methods should incorporate elements of gender analysis and be sensitive to age and other social distinctions.

Assessing biodiversity's contribution to ecosystem services is complicated. It requires more specialised approaches. Many new methods are currently being developed. The real challenge will lie in relating these techniques to the changing needs of poor people.

The Cochin Urban Poverty Project in India has been supporting the Government of Kerala's initiative to grant land tenure to residents of unauthorised urban developments. Formal tenure can then be used as an asset to apply for a housing loan.

Waste and rubbish are a form of physical asset particular to the city, and crucial to many. Access to and use of rubbish may be strictly controlled by scavenger groups, so waste cannot be assumed to be an open access resource.

**Methods for investigating natural assets**

The distribution of privately owned natural assets – e.g. private land, customary tenure land that is treated as private, private housing plots, livestock and privately owned trees – can often be ascertained from a **sample survey**. The availability of these resources for the community as a whole can be discussed in community meetings. However, accurate assessment at this level might require expensive methods such as aerial photography, satellite imagery, maps, soil survey data, etc.

Quality and management issues are more likely to be understood through **participatory methods** such as transect walks, mapping (to show current and past land use, water sources, etc.), ranking of species (by abundance or importance), timelines (showing historical changes in rainfall, pollution levels, river flows, soil fertility, forest composition, etc.) and seasonal calendars. Participatory methods can also shed light on issues of access. Property rights regimes and the rules of access to customary and communal lands can be researched using stakeholder analysis, key informants, focus groups and visual tools such as Venn diagrams.

*Biodiversity*

Biodiversity is a key aspect of natural capital because it is – and in itself supports – the variety and variability of all life at all levels (genetic, species and ecosystem). Variety is important because it provides people with choice; if one crop fails there are alternatives. Variability is important because it enables organisms to adapt, or be adapted to, changing conditions (e.g. by gene manipulation).

Indicators of biodiversity range from the genetic level (e.g. landraces) to species level. Indicators should be selected in a participatory way using poor people's own criteria. But assessing biodiversity is only part of the story; assessing the consequences of changes in biodiversity, and for whom, is equally important.

DFID forest projects in Ghana, Malaysia, Cameroon and Mexico have piloted methodologies for bioquality assessment. These attempt to score species against a range of biological indicators (e.g. global rarity, ecological importance, taxonomic relatedness and local abundance). Challenges include:

- How to weight these indicators (e.g. is a rare species with no ecological dependants more valuable than a less rare species with close relatives on which other species flourish?).
- How to incorporate social and economic indicators (e.g. sacredness, role in pollination, etc.) and ensure that an appropriate balance is maintained between these and biological indicators.

*Urban areas*

It is important not to neglect natural capital issues in urban areas, where the very scarcity of natural capital can make this a particularly valuable asset.

- Security of tenure for household plots is key in reducing the vulnerability of the urban poor.
- Rivers may provide water for washing, drinking, small enterprises or waste disposal.
- Small patches of land may be used for small-scale urban agriculture or livestock rearing.

Pollution of natural assets is a major concern in urban areas; assessment should therefore take asset quality (and its effect on local and more distant people) into account.

**Methods for investigating physical assets**

**Sample surveys** provide an effective method of assessing personal and household assets, as do group methods using structured checklists. Counting the assets owned by individuals within the household is relatively easy as items are often visible and issues of ownership do not tend to be sensitive. Key categories of personal/household physical assets include:

- items that enhance income (e.g. bicycles, rickshaws, sewing machines, agricultural implements);
- house quality and facilities (e.g. wall, floor, roof construction materials, cooking utensils, furniture);
- piped water, electricity, waste disposal and other services (do people have access or not?); and
- personal consumption items (e.g. radios, refrigerators, televisions) which are often good indicators of relative wealth or poverty.

Some physical assets – e.g. ploughs, pumps, pickup trucks – may be under the shared ownership of a distinct group (though this is less common in urban than in rural areas). Shared ownership can be investigated by **sample survey**, though **PRA methods** may be needed to understand management arrangements and situations whereby poorer people can access such assets for a fee.

Infrastructure poses quite different methodological issues. Here the distinction between the existence/quality of an asset and access to it becomes critical. Some infrastructure (e.g. most roads, drainage) tends to be free for all to use, while use of other types of infrastructure (e.g. electricity systems, toll roads) requires payment of user fees. User fees can be either legitimate or informal – i.e. bribes. Both should be investigated.

- **Existence/quality:** Simple inventories can be made of drainage facilities, water systems, roads, etc. Physical surveys may be necessary to reveal quality. Seasonal variation should be considered.
- **Access:** Sample surveys, key informant interviews and participatory techniques (ranking and scoring techniques, mapping, causal diagrams, Venn diagrams, seasonal calendars) can help reveal perceptions of infrastructure provision, accessibility and cost by different groups. Secondary data on user fees may also be available.

## Methods for investigating financial assets

Sheet 2.3.5 stresses the importance of taking a broad view of the financial services required and used by the poor (including credit, savings, insurance and other social protection measures). This is in addition to finding out about any regular flows of money to individuals and households (e.g. remittance income, pensions, etc.). Various approaches can be used to investigate these issues.

- **Preference ranking** and **matrix scoring** methods can be used with different groups to compare the importance of different credit sources or savings, sources of cash and insurance options.
- **Seasonal calendars** can help reveal within-year variations in saving and borrowing patterns while **life-cycle profiles** can yield similar information for a longer period, capturing significant shifts in financial flows (e.g. when a pension becomes available or dependency ratios change).
- For group, club and rotating credit and savings schemes, **focus group discussions** with members are a good source of qualitative information.
- **Key informants** and **semi-structured interviews** (e.g. with sub-branch managers of state rural banks, village moneylenders) can help develop an understanding of the wider financial environment, as can more quantitative **sample surveys**.
- More formal **economic techniques** and **financial analysis** may be required to develop an adequate understanding of the sustainability of existing credit and savings organisations and institutions. In some cases the organisations themselves will be able to provide good records. In others, external experts, familiar with local accounting conventions and relevant economic techniques (e.g. cash-flow analysis), may be needed.
- If lack of access to credit is deemed to be a major constraint, and hence a potential focus for project activity, detailed investigation of individual and household credit sources and conditions and costs of borrowing may be called for. A **sample survey** can be useful here. It will also be important to build up a picture of household budgets and people's ability to repay credit. This calls for the use of **household budgeting techniques**. It may be necessary to ask people to keep detailed household expenditure accounts for a period to be sure of accuracy in the data used.

The assessment of financial assets can be a very delicate matter. People tend not to speak readily about their levels of personal savings or wealth, regardless of the form in which these are held. Likewise, both debtors and creditors may be unwilling to reveal how informal credit systems operate and who controls them. Making an accurate assessment of these issues therefore requires a great deal of skill, use of a variety of methods and extensive triangulation. It can be helpful to approach issues in a roundabout way, asking hypothetical questions (e.g. what the respondent would do if he/she suddenly needed cash) or focusing on very specific issues (e.g. wedding gifts, inheritance, etc.). Often consumption surveys will provide more accurate information about stocks and flows than will direct surveys of financial assets.

The Core Welfare Indicator Survey, piloted in Ghana with DFID and World Bank support, offers one approach to assessing access to services (both government and non-government). The pre-coded survey measures access to services such as healthcare, water provision and solid waste management, against predefined levels of service provision.

When investigating credit opportunities, it is essential to be sensitive to gender differentials; poor women typically find it more difficult to access and control credit than poor men.

Official income and expenditure surveys can provide an initial impression of income and asset levels and can be used as one resource for triangulation (though their accuracy can vary significantly between regions and countries).

**METHODS**

**POLICY, INSTITUTIONS AND PROCESSES**

**4.11**

Another way to manage the complexity of *Policy, Institutions and Processes* is to think of the various levels at which these operate (global, national, regional, district, local) and to consider how these are linked.

These categories overlap. For example, governance and service delivery are inter-related, as are social relations and social organisation. The policy process influences, and is influenced by, all the other categories.

DFID's *Technical Note No. 14* 'Institutional development' sets out approaches for institutional appraisal and suggests specific techniques to assist with the analysis. For example, the STEP analysis (socio-cultural, technological, economic, and political/legal) provides a broad but concise assessment of the environment in which the project will have to operate.

Current institutional appraisal methodologies and checklists tend to focus on national or sector levels and are not particularly well-suited to being used with a specific group of stakeholders, or in a defined geographic area. Further work is required to develop methods for such purposes.

This sheet examines the social, political, institutional and organisational context of livelihoods. In previous sections of the *Guidance Sheets* this area of the framework was referred to as *Transforming Structures and Processes*. The name has been changed to highlight key issues and increase the accessibility of the framework to partners.

**What should be investigated?**

Research is facilitated by breaking down the overall context into categories that make sense from a policy and social change perspective. One possible breakdown is as follows:

- *Social relations*: the way in which aspects such as gender, ethnicity, culture, history, religion and kinship affect the livelihoods of different groups within a community or neighbourhood.
- *Social and political organisation*: decision-making processes, civic bodies, social rules and norms, democracy, leadership, power and authority, rent-seeking behaviour (if any).
- *Governance*: the form and quality of government systems (structure, power, effectiveness, efficiency, rights and representation).
- *Service delivery*: the behaviour, effectiveness and responsiveness of state and private service delivery agencies.
- *Resource access institutions*: how the institutions that determine access to resources function.
- *Policy and the policy process*: the effect on livelihoods of key policies (and legislation) and the way in which policy is determined (by whom, for whom and influenced by which groups?).

This is a broad agenda that requires a wide range of analytical skills and techniques: social, political, organisational, managerial, economic, operational and technical. A particular focus should be placed on issues of sustainability (see 1.4): are policies, institutions and processes sustainable over the longer term? Do they promote social sustainability and create an overall enabling environment for *sustainable* livelihoods. It is also important for the analysis to be dynamic and for the initial investigation to link to monitoring and evaluation systems in any subsequent projects.

**Understanding the context**

It is unlikely that all the categories above would need to be researched in equal depth. What is most important is to gain an overview that enables follow-up investigation of factors that seem to pose particular problems or offer special opportunities for the poor. Available tools to inform both phases include: review of secondary data; stakeholder analysis; social appraisal techniques; economic and financial analysis; good government assessment frameworks (including political analysis); and institutional appraisal methodologies and checklists.

The use of **participatory methods** and **key informant interviews** helps to capture the views of the affected community members, and to avoid an overly 'top down' analysis of the institutional context. Key informants can provide an assessment of the organisations and institutions that are important to livelihoods. Venn diagrams provide an excellent visual approach to discovering individual and community views on relevant organisations, their importance and the interactions between them. It is particularly important to understand the links – or lack of links – between local and district or national organisations and how these affect livelihoods.

Compiling institutional information can be particularly challenging because many key institutions are informal and lack a visible organisational form. However, simple linkage diagrams have been found to be helpful for tracing which processes, operating at which different scales, are important in different people's livelihood strategies.

**Assessing the performance of organisations**

It is important to gain a dual perspective on organisations, seeking to understand both the views of groups within the community/neighbourhood while also undertaking a more 'external' investigation

of structures. Key questions – to be examined from both sides – include:

- What are the mechanisms through which people's views are captured and included in the development planning process? Are these distinct for men and women?
- How do government/quasi-government organisations link to civil society groups? How do they hold themselves accountable to their clients? Is local ownership and management promoted?
- Are there any obvious 'gaps' in civil society organisations?
- Do key agencies have local offices or service points? How accessible are these?
- Are policies and development plans adequately resourced (in both human and financial terms)?
- What is the role of the local political representative or body?

There are several techniques available to assist with analysis of organisational performance. The 'four Rs' (roles, responsibilities, rights and relations) described in Sheet 2.4 can help thinking about inter-relationships. The 'seven Ss' methodology (strategy, structure, systems, skills, staff, style of management and shared values) is useful for thinking about the performance of private organisations, while SWOT analysis (strengths, weaknesses, opportunities, threats) can be employed for both public and private organisations. If necessary, these tools can be supplemented by more detailed analyses into financial viability, competencies, and operational capacity.

### Assessing social relations and processes

Many of the more sensitive issues of social relations – including how power and authority operate – are best investigated using **key informant interviews**. PRA methods do not always work well for such issues because people rarely challenge authority in public gatherings; the community 'view' projected in such forums is unlikely to reflect the differing social positioning of individuals within the group. Key questions that semi-structured interviews should address are:

- How do different social groups relate to one another?
- Which groups are excluded from mainstream society and why?
- What patterns of activity distinguish the lives of women/men? What distinct status and roles are assigned to men and to women, boys and girls, and how do they affect activities?
- How does authority work in the community? What is the role of the ward chairman, the village head or the council of elders?
- How do ordinary villagers make their problems known to those in authority? What is the likelihood that such problems will be acted upon? To whom in the community is authority most and least responsive?
- How does the community or neighbourhood deal with conflicts and grievances?

### Analysing policy and policy processes

The following are key questions, with regard to policy processes.

- How are policies framed, based on what sources of knowledge? Are local interests represented?
- How are different interests represented in the policy process? Who is included and excluded?
- Which actors have the greatest influence on policy change?
- Are policies supported by appropriate budget allocations? Are budgets being used effectively?
- Is policy coherent and independent of special interests?

Where policy objectives and associated indicators are established at the time when policies have been made, analysis is facilitated. Sometimes data on policy outcomes will already be being collected, though it is usually necessary to supplement such data with more qualitative and local-level investigation of policy outcomes and the effect on particular social groups. Where the hoped-for impact is not evident it is important to understand the causes for failure (e.g. incorrect policy objectives, poor legislation, inefficient delivery mechanisms including insufficient publicity, distortions arising from the behaviour of local politicians, corruption, etc.). A key concern for development efforts is how to ensure that such local-level findings lead to meaningful change in policies and budgets, given that responsibility for these matters usually lies at national level.

Structured interviews with key informants, using checklists for consistency and completeness, are a key information gathering technique. Confirmation of the findings with reports and validation with communities helps to avoid bias.

Social relations and processes relate closely to social capital (see 4.9). Many of the methods discussed in that context are equally valid here.

Problems often arise when community leaders who work with the project are not held in high regard. Projects in Brazil have attempted to avoid such problems by systematic information gathering on the nature of leadership, the institutions to which leaders are connected, and the extent to which the demands of leaders are the same as those of the community.

A variety of methods can help to answer these questions including case studies, actor network analysis, snowball sampling procedures, and narratives of policy change. The analysis itself is best conducted in conjunction with representatives of those responsible for setting and managing policy.



**METHODS**

**LIVELIHOOD STRATEGIES**

**4.12**

Sometimes what seems at first to be obvious turns out to be plainly wrong. For example, a ‘fishing village’ may turn out to obtain less than 10% of its income from fish, and it may be only the better-off families who engage in fishing.

Once a picture of livelihood strategies has been built up, it is easier to predict the effects on different groups of particular policy decisions. For example, it will be easier to see who will benefit from improvements in infrastructure, who will be most affected by the introduction of user fees for services such as extension and water provision, who will be affected by particular price changes, etc.

Most government programmes tend to focus on formal employment options. Yet investigation of livelihood strategies shows us that most of the non-agricultural poor find their livelihoods in the informal sector.

The purpose of investigating strategies is to seek patterns that can be acted upon in order to improve the livelihood prospects of the poor. This is about discovering alternatives and increasing options. It links to issues of targeting. In some instances, such patterns are obvious at the outset and no formal analysis is required. However, caution should be exercised; sometimes the most visible livelihood strategy is not the most important (see Box 1). Furthermore, there may be wide, but not immediately apparent, differences between the livelihood strategies of various social groups within a community. Other general concerns when conducting analysis of strategies are:

- Investigations of *Livelihood Strategies* tend to focus on income sources. However, this aspect of the SL framework goes well beyond income, and it is important not to neglect other considerations. One way of ensuring a broad view is to think about people’s underlying livelihood strategies, what they are trying to achieve (this relates directly to *Livelihood Outcomes* – see 4.13) rather than what they may be doing at any point in time. This encourages us to consider issues such as: the way in which people use their assets (to maximise income or minimise vulnerability?); which assets they choose to invest in and which they chose to run down; where they are obtaining the skills necessary to pursue different strategies; and the money-saving (as opposed to money-earning) or non-monetary (e.g. domestic) activities they undertake.
- Because different household members have varying access to assets, can be located in different physical areas (in the case of split urban/rural households or seasonal migration) and are bound by different social norms and institutions, they may adopt very distinct livelihood strategies. The household may therefore not be the most appropriate unit of analysis. ‘Unpacking’ what goes on within the household is a key step.
- *Livelihood Strategies* are in a continuous process of flux: people adapt to evolving threats and opportunities, changing livelihood objectives and also as their own capabilities alter during their lifetimes.

**What can participatory methods tell us about strategies?**

**Participatory methods** are very useful for understanding livelihood strategies.

- Group discussions can describe evolving patterns of activity in a community and provide interpretations of the reasons for changes that have taken place.
- Key informant interviews may help reveal patterns of activity or strategies adopted by those who have managed to ‘escape’ from poverty.
- Diagrammatic methods can help to distinguish groups or household members that specialise in a particular income-generating activity, as well as identifying those that follow mixed strategies.
- Seasonal calendars can capture the peaks and troughs in time allocation to different activities.
- Preference ranking can help reveal people’s criteria for decision-making about their strategies, including how they choose to invest any surplus they generate.
- Wealth ranking can produce an initial division of households; ensuing discussion may shed light on the different strategies followed by given wealth groups.

Sometimes PRA methods are all that is needed, though data generated through PRA may tend to be more descriptive than explanatory. In addition, deeply held views about the way things are may, in fact, not be very accurate (due to rapid change and new opportunities or because these views reflect only the majority opinion). It can be useful to follow PRA up with more detailed **economic analysis**. This can provide greater explanatory detail, help link assets to particular activities, investigate economic returns to given strategies and identify the constraints that people face in altering their strategies.

**What can sample survey methods tell us about strategies?**

**Sample surveys** are good at capturing detailed income data. Understanding income composition and sources can be particularly important in urban areas, due to the density and variety of livelihood opportunities. Income-generating activities range from service provision (e.g. childcare, cleaning),

to renting out rooms, hawking, trading, small-scale enterprise and begging, as well as more formal employment and wage earning opportunities.

More precise information can enable the income component of *Livelihood Strategies* to be compared across and within different social groups and between men and women. Sample surveys may also reveal whether there are wide or narrow income disparities between different groups. This can help inform decision-making about targeting within projects and programmes.

However, income data is sensitive, and survey questions may be most effective when rather indirect (see 4.10). Often income data 'emerges' from group discussions about activities (e.g. family members out working for a wage, the jobs they are doing, the permanence or seasonality of the job), though there is a danger that less obvious sources of income (e.g. remittances, migration, pensions, rental income) will be ignored in such discussions. Having more than one person present when questions are asked enables people to correct each other and assist recall. However, individual follow-up may be necessary; people are often unwilling to talk about remuneration in a group setting.

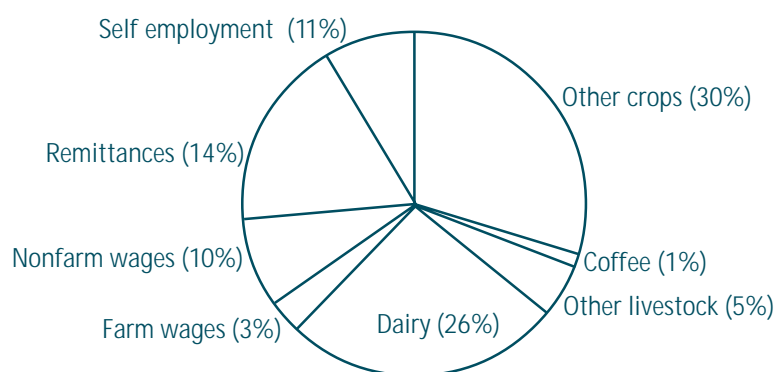
### Income portfolios

Income data allows an income portfolio to be constructed (see Box 1). Portfolios can be compared and contrasted between households and across different social groups using pie charts or stacked bar charts. Depending on within-group variability of income shares, particular portfolios may be statistically significant and therefore generalisable to the community as a whole. If high variation within and between groups makes such inferences impossible, at least it will have been discovered that all sections of the community pursue very different strategies. This is important data for project design purposes. Sometimes the overall portfolio across the sample is sufficiently revealing by itself to have made the effort worthwhile, irrespective of the more detailed analysis.

It is important in sample surveys to ensure that information is obtained from both men and women in order to produce a gender-sensitive analysis of income sources. Care should also be taken to investigate issues of seasonality.

It can be useful to divide sample households according to the dominant strategies they pursue and to cross-reference this with wealth-ranking data to show whether there are significant differences between poor and better-off households.

#### Box 1. Mean household income portfolio, 1997



The chart shows the mean income portfolio for 90 coffee growing households in three villages on the slopes of Mount Kilimanjaro, Tanzania. This was a bad year for coffee due to climatic factors and disease, nevertheless an income contribution of just 1% was unexpected and confirmed rather forcefully the findings of group discussions that dairying had become much more important than coffee in this community over the previous decade.

### Sustainability of livelihood strategies

When investigating *Livelihood Strategies*, it is important to address issues of sustainability (see 1.4).

- What is the impact on the natural resource base of current livelihood strategies?
- Are short-term survival considerations forcing people to adopt unsustainable strategies?
- What are the effects of such strategies on the wider environment (consider environmental health issues, waste generation and disposal, energy and water use)?
- Which groups are structurally excluded from particular livelihood strategies and why? (This relates to issues of social sustainability.)
- Are the institutions that support current strategies (e.g. migration networks) sustainable?

The answers to these questions will be vital in any subsequent project or policy planning.

Some of these questions can be addressed in group meetings and through the use of PRA tools. Others – e.g. questions of environmental change – may require input from external experts.

METHODS

LIVELIHOOD OUTCOMES

4.13

Although this is the final sheet in this section, understanding *Livelihood Outcomes* may be the first and most important step in any livelihoods analysis.

Developing an understanding of sustainability issues is the one aspect of investigation of *Livelihood Outcomes* that may not be fully participatory.

This section draws heavily on Narayan, D. *et al.* (1999) *Can anyone hear us? Voices from 47 countries*. Washington, D.C.: World Bank.  
Available at [www.worldbank.org/poverty/wdrpoverty/conspeer/canany.htm](http://www.worldbank.org/poverty/wdrpoverty/conspeer/canany.htm)

Other relevant findings of PPAs include the fact that people talk much more about assets (that will enable them to withstand shocks) than they do about income.

*Livelihood Outcomes* are what people are seeking to achieve through their *Livelihood Strategies* (see 2.6). They are likely to vary according to place, time, context and individual. This makes them extremely complex. However, unless we conquer this complexity and gain an understanding of what it is that people are aiming for (as well as what it is they are actually achieving), we will never be able to develop a meaningful understanding of livelihoods as a whole. Nor will we be able to determine how we can best support people in achieving their goals.

**Livelihood outcomes and sustainability**

Sheet 2.6 emphasises that DFID seeks to promote *sustainable* livelihoods. This has a normative aspect to it which goes beyond people's own objectives or definition of poverty. Our understanding of outcomes should therefore incorporate the four dimensions of sustainability that are noted in Sheet 1.4. This implies a need to investigate the effect of people's livelihood strategies and the outcomes that guide them on social, institutional, environmental and economic factors (and subsequently to promote positive directions of change). Both material and non-material outcomes for certain groups may be challenged by others and therefore be non-sustainable. Or else the achievement of a given outcome may be at the expense of severe environmental degradation.

Useful tools for analysis of sustainability include environmental checklists, as well as social, economic and institutional appraisal and, where relevant, analysis of conflicts (see 4.3–4).

**Livelihood outcomes and poverty**

In most cases, *Livelihood Outcomes* can be thought of as the inverse of poverty. That is, if an individual describes poverty as food insecurity, powerlessness and a lack of access to key services, then the livelihood outcomes they seek might be expected to be food security, a sense of power and dignity and improved access to services. Therefore, the primary method of understanding *Livelihood Outcomes* is to develop a thorough understanding of local definitions of poverty. This is an area in which there has been considerable progress over the past decade.

*Participatory poverty assessments*

Recent Participatory Poverty Assessments (PPAs) have found poverty to be a multi-dimensional social phenomenon based on many interlocking factors (this is clearly congruent with the SL approach as a whole). Despite the complexity of poverty, they have also found that there is commonality across locations and groups. The following are core components of the way in which many people understand poverty:

- a state of dependence and a lack of psychological well-being;
- a sense of isolation from services, markets, government institutions and information;
- powerlessness and a lack of voice;
- food insecurity;
- lack of employment and insecure sources of income;
- illiteracy;
- lack of assets to protect against shocks (i.e. vulnerability);
- insecurity, including physical insecurity and helplessness in the face of exploitation;
- physical weakness, ill health and lack of access to respectful, effective, inexpensive and non-time-consuming healthcare;
- social isolation, loss of culture, disintegration and lack of dignity/respect in social life; and
- time poverty for women.

Any investigation of *Livelihood Outcomes* must therefore be sufficiently broad to uncover this wide range of issues (where they are locally relevant).

Thought must also be given to how these aspects of poverty 'translate' into desired *Livelihood Outcomes*. For example, if people are seeking to combat social disintegration, how do they go about maintaining their cultural identity and social solidarity? Such questions may be best answered by revisiting the issue of outcomes after more detailed analysis of *Livelihood Strategies* (this is one example of the iterative nature of livelihoods analysis). Observation of livelihood strategies can also reveal much about the relative priority of different outcomes for different groups.

## Methods for understanding outcomes

Since we are aiming to understand people's own views of poverty and how they might overcome this, it makes sense that most relevant methods for understanding *Livelihood Outcomes* will be participatory. PPAs generally use a variety of PRA-derived tools to develop an understanding of poverty. The key is that they are flexibly applied and that specific questions are not determined in advance.

- **Group methods** can be used to identify a list of relevant outcomes for different social groups. If appropriate, these can be ranked (e.g. using matrix ranking methods) and linkages between different outcomes can be established.
- **Wealth ranking** can help establish local criteria for what it means to be poor/rich. It is important when conducting any such ranking exercise to push beyond income and consumption issues and think in terms of developing an understanding of overall livelihood categories that make sense in the local context.
- **Community-based planning processes** often use a process of 'visioning' to gain better insights into livelihood outcomes. Initial 'desires' are worked up into a longer-term (e.g. three year) vision which can then be discussed in more concrete terms. Visioning differs from local planning in that it encourages people to engage in creative thinking about where they would like to be in the future (as opposed to just 'ticking off' lists of needs). If using such a method in the SL context, it is important to base the vision on perceived strengths in the community and not to raise expectations unduly (especially when the future existence or shape of a project is still unclear).

Whatever method – or combination of methods – is used, it is important to ensure that adequate time is allocated to ensure that underlying livelihood outcomes are established. For example, a group of people may state their desired outcome to be the establishment of a clinic in the community. Further discussion will reveal that their 'real' concern is poor health status and lack of access to health services.

It is also important to consider *actual* outcomes (both positive and negative) and how these compare with desired outcomes for particular groups. This can lead to a valuable process of dialogue about the disparity (if there is one) between objectives and actual achievements and what causes this disparity.

## The dynamism of outcomes

Although it may be tempting to think of *Livelihood Outcomes* as an 'end state', it is important not to overlook the dynamism of livelihoods and the 'feed back' from outcomes to other aspects of the framework. Positive outcomes tend to expand the asset base while negative outcomes tend to erode it. Thus, *Livelihood Outcomes* are in effect processes that unfold over time. As well as understanding these processes themselves, it is important to think about how they shape the entire 'pattern' of livelihoods.

In addition, even if positive outcomes are achieved, there will be questions as to how sustainable this situation is. What must people do to ensure the continuing achievement of their goals? Are these outcomes achieved at the expense of other people or even other outcomes? Competition for resources needed for the achievement of livelihood outcomes is inevitable (see 2.6 for a discussion of trade-offs) and competition is always a dynamic process.

The outcomes which people seek to achieve do not *always* directly contribute to poverty elimination (as understood by donors). For example, it has been documented in urban areas of Brazil that young people are willing to forgo meals in order to purchase status goods, such as Nike sneakers. Although it is important to understand the impact that this type of behaviour has on livelihoods and possible project outcomes, the focus of this sheet remains on outcomes that are more directly supportable by DFID.

The feedback from outcomes to assets is highlighted in the SL framework, but other types of feedback – e.g. between outcomes and the *Vulnerability Context*, or *Livelihood Strategies* – may also be important.

Effective policies, institutions and processes (PIP) are recognised as essential in sustaining livelihoods. Together, they shape poor people's livelihood options. Although the importance of policy and institutional issues is widely recognised, approaches to reform are generally poorly understood. This section of the *Guidance Sheets* focuses on the concepts, methods and tools needed to help design and manage development interventions that promote pro-poor policies and institutions.

### Why focus on policies, institutions and processes?

Taken together, policies, institutions and processes form the context within which individuals and households construct and adapt livelihood strategies (see 4.11). As such, the PIP dimension of the SL framework embraces complex issues concerning participation, power, authority, governance, laws, policies, public service delivery and social relations as influenced by gender, caste, ethnicity, age and so on. In effect, they determine the freedom that people have to transform their assets into livelihood outcomes.

Policies, institutions and processes determine, amongst other things:

- poor people's access to various assets (such as land or labour);
- the benefits poor people are able to derive from different types of capital (through markets);
- the environment for private sector investment;
- the extent to which poor people are able to engage in decision-making processes; and
- individual and civil society rights.

In many developing countries, policies and institutions discriminate against those with few assets and disadvantage poor people. Such discriminatory policies and institutions undermine development efforts to eradicate poverty. It is now generally accepted that significant and sustainable gains in poverty reduction cannot be achieved unless accompanied by pro-poor reforms to domestic and international policies and institutions.

### What is the distinction between institutions, policies, organisations and processes?

The words *institutions* and *organisations* are used interchangeably in everyday speech but, in the context of the livelihoods approach, they have distinct meanings.

#### *Institutions*

Policy analysts define institutions as the rules, norms and values that shape our behaviour. Sometimes known as the 'rules of the game', institutions can be:

- both formal (e.g. laws that govern land tenure, market transactions or civil rights) and informal (e.g. social customs and conventions);
- created (e.g. as a result of deliberate political or policy decisions) or may evolve over time;
- present at local, organisational, national, and international levels.

Table 1 provides some examples of formal and informal institutions at international, national and local levels.

Institutional causes of poverty can include:

- Economic – institutions that restrict access to markets, land, labour opportunities, and credit;
- Legal – inadequate legal protection, victimisation by violence, vulnerability to corrupt practices by police and judiciary;

Given the number of institutions that discriminate against poor people, poverty alleviation programmes and policies can make only modest contributions to improving conditions unless institutional frameworks are reformed or created in ways that provide equity and opportunity for those who live in poverty.

- Political – prohibition of democratic processes that deny poor people a political voice;
- Social – exploitative patron-client relations.

Table 1.	Formal institutions	Informal institutions
International	International Trade Rules that impose trade barriers or allow dumping of subsidised products	Political affinities, which influence levels of co-operation Historical links between countries manifested in favourable trading relationships
National	Property rights Labour laws (Union rights, immigration rules) Intellectual property rights	Position and attitudes towards women Patron-client relationships
Local	Movement restrictions on agricultural produce	Rules for share-rearing or share-cropping

### Organisations

If institutions are the rules of the game, then organisations are defined as the 'players of the game'. The distinction between institutions and organisations is often illustrated using an analogy of a game, such as football. The institutions that define football are found in its rulebook. The organisations are the teams of players that are formed to 'win the game'. Another organisation, in the form of the referee, is also created to enforce the rulebook. Different types of games (such as football, rugby or cricket) are distinguished by differences between their respective rulebooks.

Broadly speaking there are two kinds of organisations: those that configure themselves to take advantage of the opportunities created by a given set of institutions (**the players**), and those that are created to implement or enforce a given set of institutions (**the referee**).

### Relationship between institutions and organisations

Institutions shape organisations and their behaviour. Using the analogy of a game again, we see that the different sets of rules for football and rugby create entirely different types of team.

Likewise, in the context of governance, different institutions create very different kinds of organisation. For example, the organisations in a country that adopts a capitalist set of institutions are very different from those that operate in a country that applies a socialist set of institutions. In the former, private-sector organisations will predominate whilst, in socialist countries, organisations are typically public-sector or collective organisations.

The distinction between organisations and institutions thus has two important practical implications:

- (i) It enables us to differentiate between problems concerning organisations and their performance and those concerning institutions, which demand very different remedial measures. The issues associated with organisations and how they behave are often highly visible and tangible, whereas those to do with institutions may be invisible, yet powerful in determining how people operate in society and the extent to which people may take advantage of markets and other opportunities for poverty reduction;

Institutions are 'the rules of the game', whereas organisations are 'the players of the game'.

Government *policy* regarding social and ethical development led to changes in the UK Pensions Act (an *institution*). Since revisions in 2000, all UK investment funds (*organisations*) are to be evaluated in terms of their economic, environmental and social performance. Many pension companies are now seeking to increase their investments in programmes with positive environmental and social impacts. Thus, policy can change institutions, which can change organisational behaviour to result in positive poverty-reduction outcomes.

- (ii) It improves our understanding of how to shape the behaviour of organisations to promote pro-poor outcomes. Given the importance of institutions in shaping organisational behaviour, a programme of organisational reform will often require changes to the wider 'rules of the game' that shape the behaviour of the organisation.

### *Policies*

*Policy* is defined as a 'course of action designed to achieve particular goals or targets'. Public policy is made by government to achieve particular national outcomes. Private organisations or communities may also form their own policy to achieve defined goals.

Public policies are implemented through organisations and institutions. Examples of institutions used in this way include:

- legislation and regulation;
- fiscal instruments in the form of taxes and subsidies;
- norm setting through the media.

Key organisations that play a role in the implementation of policy include:

- agencies that deliver government services;
- law enforcement agencies;
- private sector and civil society groups that deliver services under contract to government.

Some policies may operate through both institutions and organisations. An example would be forest policy, which both changed the law on access to state-owned forests and devolved decision making to front-line forestry officers.

The formulation and implementation of public policy can affect livelihoods by:

- changing institutions such that they are more or less supportive of poor people's livelihoods (e.g. land-reform measures following a policy for more equitable growth);
- changing institutions such that they alter the incentive arrangements for organisations and their relationship with poor people. Privatisation policies, for example, have removed incentives for parastatal marketing boards to purchase small quantities of products from fragmented and isolated producers, thus reducing poor people's access to markets.

### *Processes*

*Processes*, in the context of SL, refer to processes of change in policies, institutions and organisations. Unlike the vulnerability context (over which people have little or no control), PIPs are not 'given' but are continually evolving. Institutions are dynamic: they are shaped and are being shaped by history, politics and social negotiation. How such policies and institutions may be reformed to support better the livelihoods of poor people is of great interest to development organisations.

The ways of identifying entry points for policy reform are examined below. This section goes on to outline ways in which pro-poor policy and institutional reform may be supported (see 5.3, 5.4 and 5.5). Those parts of section 5 focus on policy and institutional reform processes, and do not explicitly address issues concerning the reform of organisations. This is because organisational reform processes are already relatively well documented (see for example Hopley, 2000). In contrast, policy and institutional reform processes are relatively poorly understood, and yet not only directly shape poor people's livelihoods, but are also essential for improving the performance of organisations that interact with poor people.





Productive and equitable institutional arrangements are more than manifestations of social capital. By enhancing dignity and freedom, they may be considered livelihood outcomes in themselves. Poor people demonstrate this by investing resources in activities that promote and sustain institutional arrangements.

Policy institutions may reinforce the rules and norms of family, community, cultural life, and thereby exclude some people – especially women – from access to specific types of capital.

Saudi Arabia's trade embargo on all livestock from the Horn of Africa is a critical livelihood constraint for pastoralists, who formerly relied on trading livestock for essential food supplies from Saudi Arabia. The problem is now being addressed at an international level through the Office International des Epizooties – the livestock arm of the World Trade Organization.

### Impact of policies and institutions on livelihoods

Policies and institutions operate at all levels, and in both public and private spheres, where they influence the formation and outcomes of livelihood strategies. Institutions may influence livelihoods in many ways:

- The access that poor people have to assets, the benefits they derive from them, as well as incentives for the development of assets, depend upon institutional arrangements. These in turn depend upon the institutional environment, information flows, asset characteristics and the vulnerability and power of different actors.
- Institutions influence a person's social capital; the institutional arrangements that she or he is able to engage in affects their relative power within a community. A person's social capital and power determine her or his access to other assets and how much that person is able to gain from them.
- Development of institutional arrangements may reduce risk and vulnerability – e.g. through definition of property rights.
- Developing and maintaining institutional arrangements, for example sharecropping contracts, is of critical importance to the poor.

### Identifying entry points for policy and institutional change

Examining how existing policies and institutions relate to one another and how they influence poor people's livelihood strategies is essential in making policy and institutions more pro-poor. Livelihoods analysis can help to identify potential points of contact between policies, institutions and the livelihood priorities of the poor (see 4.1). Livelihoods analysis can also shed light on key questions, such as:

- Who and where are the poor?
- What are their livelihood priorities? (What are their most important livelihood assets and what are their livelihood strategies?)
- Which policies and institutions are relevant to these priorities?
- In what way are existing institutions and policies enabling or disabling to poor people?
- What policy and institutional environment would be most conducive to assisting people to achieve sustainable livelihoods?
- What key constraints need to be removed or mitigated?
- What procedures and mechanisms are appropriate to securing the best chance for reform?

#### *Level of intervention*

Institutions and policies interlock and overlap, making it difficult at times to recognise possible areas for intervention. One way to chart a path through this complexity to reveal appropriate entry points is to consider the various levels at which policies and institutions operate. Hierarchies of institutions may be identified that operate at international, national, organisational, and local levels (see Table 1 in 5.1).

Internationally, organisations such as the World Trade Organization determine conventions and institutions that affect the interaction of national governments for trade, and the rights and regulations that they accept and incorporate in national policies. To promote SL, we need to understand the way local contexts articulate with national and international levels. Given the cascade of linkages, reform may be needed at an international level in order to address constraints to poor people's livelihoods identified at the lowest level. However, the focus of PIP reform is usually at the national level, where most decisions on legislation, regulation and resource allocation are made, although this is changing where decentralisation has been introduced.

*Categorising institutions*

Thinking about categories of institution can help to identify entry points and allow a more effective response to the multi-institutional characteristics of people's livelihoods. Five categories of institution may be identified:

- **familial** – descent or kin-based;
- **communal** – grounded in principles of trust and reciprocity;
- **social** – norms or codes of conduct derived from societal interest e.g. definition of gender roles, patron-client relations;
- **collective** – common property resource and agricultural marketing institutions;
- **policy/governance** – constitutions, legislative, regulatory and administrative norms and procedures. e.g. property rights laws, employment legislation, judicial procedures.

Some institutions may be seen as nested in others. Many village-based collective institutions are nested in the policy institutions of the government. Most institutions for common property resources also exhibit this kind of relationship. These categories and their relationships help to improve our understanding of the impact of these institutions on livelihood assets and strategies. Inter-institutional relationships may influence access to assets, and create opportunities to generate new forms of capital.

Although a livelihoods analysis will help to identify the policy and institutional reforms necessary for improving the livelihoods of poor people, additional analysis is needed to assess the prospects for successful reform. Section 5.3 outlines how policy may be reformed and identifies factors that promote or inhibit these processes. The key lessons that have emerged from successful policy reform programmes are also outlined and, together, they sketch how reform programmes may be designed.

In India, DFID supported a national review of the implementation of new watershed guidelines and the design of a field manual intended to strengthen procedures, such as monitoring and evaluation, as a result of policy dialogue at national and state levels. In Orissa, changes to State-level legislation concerning access to, and sale of, minor forest products are being considered.

In the absence of effective policy/governance institutions, villagers in southern Mali created an inter-village group to control wood exploitation and restrict access to pasture for non-local livestock herders. Drawing upon existing social interrelationships – social capital – they developed and agreed norms and practices to address the problem.

**Insight**

Social capital, in the form of labour is one of the most important assets for poor people. Institutions governing the use and exchange of labour therefore have important implications for poor people. DFID has developed an Action Plan to help poor men and women attain secure and sustainable livelihoods in decent working conditions. The Plan is to be taken forwards bilaterally and with international bodies through existing programmes and political lobbying, and by building on relevant international law. Priority areas for action have been identified at the national, regional and international levels. Eliminating the worst violations of international labour laws is a priority. This has meant focusing on collaboration with other agencies and governments to eliminate the worst forms of child labour and other forced or compulsory labour. DFID aims to approach governments to legislate against forced labour and will support measures for social protection and access to alternative livelihoods for people displaced from forced labour. In addressing the worst forms of child labour, DFID will support UNICEF and International Labour Organization (ILO) programmes, build on its in-country support programmes for reforming education sectors, work with NGO advocacy partners, and provide additional research, policy advice, expertise and capacity building, information and communication systems. Another priority is working with civil society, businesses, governments and international agencies to promote the Core Labour Standards as stated in the ILO's Declaration of Fundamental Principles and Rights at Work.

This section provides an overview of the processes by which policies and institutions change, and the likely conditions under which reform typically takes place. For formal institutions, reform often occurs in the context of policy implementation. For this reason, processes to support policy and institutional reform are addressed simultaneously.

### Processes by which policies and institutions are made

Policy formulation has traditionally been viewed as a linear process; civil servants, who report to a designated head or body of people, set formal policy and institutions through a rational decision-making process. However, policies and institutions do not exist independently of people. Inevitably, they are shaped by the views of policy makers, and by groups of people that are affected by policy outcomes. The processes of reform are thus rarely the products of rational decision making, but of history, politics, decision-making and negotiation by different stakeholders.

Policy and institutional reform processes are commonly:

- Incremental, in that small improvements are made to existing policy.
- Influenced by previous policy practice. New policy typically reflects the norms and standards established by previous policy. Policy narratives or paradigms (perceived facts about the ways things happen) play a strong role in shaping future policy. Radical policy reforms are hard to achieve as they often represent new and alien concepts and ideals.
- Shaped by a wide range of stakeholders. Policy and institutions define the opportunities for organisations and for wider society, and organisations of all sizes desiring favourable outcomes for themselves or their constituents will seek to influence them. A combination of lobbying, persuasion or influence may be employed in an attempt to shape policy. Organisations may form 'actor networks' with other organisations sharing a similar vision to reinforce policy norms or narratives. This means that policy-making and the resulting institutions are typically the product of negotiation between competing interest groups.
- Political. Bureaucrats are not neutral formulators of policy. They have their own personal and political agendas to negotiate and will set policy in ways that will satisfy their personal political ambitions.

### Implications for reform processes

The causes of poverty can be traced to policy and institutional frameworks that discriminate against poor people. Incremental changes to existing policy are rarely an option when seeking to restore fundamental distortions in policy and institutions. Radical policy and institutional reforms may be required to address poverty. Such radical reforms run counter to natural policy-reform processes, in that they usually:

- Introduce totally new – and often alien – concepts or paradigms to the policy arena that will challenge strongly held views about the 'ways things should be done'. Existing policy narratives may need to be rejected.
- Create new opportunities for poor people and the organisations that serve their needs. In doing so, policy reform may result in certain groups of people or organisations losing out, cut off from the benefits they formerly enjoyed under the old policy and institutional regime. This group of 'losers', many of whom are likely to be well organised and influential, will strongly resist any policy reform measures. They exert their influence by revising policy reform measures such that they act in their favour, or by mediating policy implementation such that the intended outcomes are never achieved.
- Challenge the political authority and patronage of policy makers.

Policy or institutional reforms can incur considerable costs. They require new systems and will often call for the reform of organisations to implement the new measures. These barriers to change – or costs of change – are often so great that profound policy and institutional reforms rarely take place under their own volition. That said, substantive policy and institutional reform continues to take place. Lessons from successful reform programmes provide useful insights into the likely conditions under which change may occur.

### Conditions that support policy and institutional change

The following factors have been observed to be important for creating policy and institutional change:

- **Crisis.** Countries that face serious crises of legitimacy, stability or sustainability may be forced to adopt drastic measures to protect themselves. In these situations the cost of NOT changing policies and institutions is greater than the cost of change. Windows of opportunity for change can present themselves at times of crises, such as occurred in the financial crisis that hit South East Asia in the 1990s.
- **Leadership** consistently plays an important role in reform situations. It is generally leaders who put reform on national political agendas, who provide a vision, who are actively involved in shaping the content of proposals for change and who spearhead the process of generating support and managing opposition to change. The emergence of strong champions of change provides an opportunity for promoting policy reforms.

#### Insight

In May 1996, People's Dialogue (South African NGO) and SPARC (Indian NGO), along with urban poor community groups from Asia, Africa and South America, met in South Africa to initiate a process for strengthening grassroots savings and credit schemes. Savings and credit was recognised by all participating organisations as a critical tool in the struggle against poverty and the creation of an asset base (housing). Out of this, the Slum/Shack Dwellers International (SDI) network was born. SDI now operates in 12 countries. Each national member is a federation of groups, mainly from informal settlements, which regularly meet and organise savings schemes together.

By sharing ideas and adapting them to the local context, many fundamental processes have been successfully replicated. The key to this has been exchange visits – where slum/shack dwellers swap places with counterparts in other villages, towns and countries, and share their experiences and ideas with people living in similar contexts. For example, the African savings schemes were 'kick started' by an exchange trip between South Africa and India. There are now 60,000 federation members in South Africa, whose efforts at regular saving have amounted to a staggering \$1,750,000. This model was then passed on in Zimbabwe where 17,000 people are now saving, and more recently to Namibia, where there are currently 6,000 people saving.

- **Ideas** – particularly ideas about the appropriate design of institutions – are important in defining new rules of the game. Most commonly, ideas are understood as political resources, a form of capital that is used to promote particular positions or to influence the outcome of decision. Drawing on foreign influences, ideas can have a considerable impact on the types of solutions offered to deal with institutional deficiencies. The content of institutional change may often be defined through exposure to new ideas from elsewhere or by piloting new concepts in country.

Being part of an international network can result in international support and solidarity. An example of this was the railway slum demolition in Mumbai, India in February 2000. What might have been a local dispute between communities and their government became an organised international effort of solidarity which helped the railway slum dwellers obtain assets of secure land and housing.

- Initiatives for reform are likely to be sponsored by political **elites** challenging existing institutions. In what may be termed 'elite projects', important political actors have championed change, often in opposition to powerful and established interests. Changes that originate as elite projects have been identified as important in economic policy reforms, the introduction of new institutions for economic management, such as the way that central banks operate, and the reorientation of social security, health and education policies. They may be helped in doing this by crisis (e.g. hyperinflation) or by particular conditions such as supportive public opinion.
- The **social organisation of the poor** is very important in a reform process (sometimes referred to the **demand** side of policy reform). It can raise the significance of issues of poverty, deprivation and inequality for political elites. Experience indicates that reform initiatives are frequently contested, even after they have been decided upon and put into practice, particularly by those whose power they may reduce. This can cause failures in sustaining reform or in its impact. One implication is that beneficiaries of the altered rules of the game need to be supported to protect the new institutional arrangements.

### Insight

Youth and children in Barra Mansa, a municipality in the state of Rio de Janeiro, face problems of school exclusion, few job opportunities, urban violence and drugs. The local authority is committed to a participatory programme to promote civil rights, equality and social justice. The municipality, supported by the Municipal Secretary of Education, is implementing a programme to promote and institutionalise young people's participation as citizens. Two initiatives within this programme are the Children's secretariat and the Children's Participatory Budget Council. The Secretariat seeks to familiarise children with the workings of the municipality and the exercise of participatory democracy by integrating them into local decision-making processes. The Children's Participatory Budget Council allows young people to participate in decision-making with respect to the city budget, parallel to the adult Participatory Budget Council.

Exposing partners to existing successful SL projects and programmes may help to build relationships for policy and institutional change. Lessons learned can be extrapolated to the policy level.

### Implications for design

People create policies and institutions. They are the outcome of existing policy paradigms, politics and the power and the influence of different stakeholder groups. Reform therefore requires investment in the **management of change**, a strategy that focuses on the **process**, or the means by which pro-poor policy and institutional reforms can be brought about. A management of change strategy will entail:

- **Planning for change** – reflecting, developing a vision and building concepts.
- **Identifying 'change agents'** – individuals or groups who will lead change.
- **Recognising and managing barriers to change** – predicting the reaction of individuals and groups to the proposed changes. Opposition can be expected from people who are either unable to accept new ways of doing business, or from groups of people who stand to lose from new policy measures.
- **Building support for reform** – explaining the need for change and the ways in which people will benefit.
- **Reforming organisational structures** – to accommodate new ways of working.
- **Mobilising resources** – political, financial, managerial and technical resources are needed to sustain reform.
- **Consolidating change** – ensuring that the motivation for change is maintained and, later, mainstreaming the new way of working so that becomes part of normal procedure.

### Insight

The World Bank Institute's Water Policy Capacity Building Program helps countries to choose policies that are conducive to the sustainable management of water resources and delivery of water services. Interacting with champions and supporters of reform, as well as with their adversaries and sceptics, the Program gained a unique perspective on the dynamics of the politically sensitive process of reforming water policies in countries that showed a strong commitment to change. The Program targets people and institutions who make, influence or implement policy through:

- **Policy learning events.** These are tailor-made, country or region specific learning activities (workshops, seminars, study tours) to support policy reform in the water sector. Such activities take place early in the policy reform process, disseminate best practices and current thinking on cutting-edge issues, and share lessons of experiences;
- **Support to networks and outreach activities.** This may entail promoting exchanges of people and knowledge, which strengthens networks. Outreach improves and expands public awareness and understanding of water issues and their potential solutions.

Given that policies, and the institutions through which they are implemented, are contested, it is important to know who has the power to influence policy, and in what directions. Clearly, not all groups have the same capacity to exercise influence. Section 5.4 examines how different stakeholder groups are able to exercise power over policy content and implementation, and outlines ways in which stakeholder interests can be managed to ensure pro-poor outcomes.

Many institutions are created to service the interests of those with the bargaining power to design the rules.

### The importance of stakeholder interests in reform processes

Given the diversity of livelihoods within any one country, specific policies are likely to be more supportive of some livelihood strategies than others. Policy and institutional reforms will therefore affect people in different ways. New policies often reconfigure roles, structures, and incentives, thus changing the array of costs and benefits to implementers, direct beneficiaries and other stakeholders. Some groups will benefit from changes (the 'winners'), whilst others may lose certain advantages that they enjoyed under former policy and institutional arrangements (the 'losers'). Individuals and organisations will seek to influence the reform process to ensure favourable outcomes. However, power and the ability to influence are rarely evenly distributed. Some groups are able to exert greater influence on policy reforms than others are. If pro-poor reforms impact negatively on influential groups (potential losers) then they will seek to undermine the reform process. On the other hand, potential winners, especially poor or marginalised people, may be too weak politically to drive change in their favour. A reform programme must recognise the influence that potential winners and losers can exert on policy reform – and manage these conflicting interests so that the outcome is pro-poor.

A stakeholder analysis helps to identify potential winners and losers and the relative power and influence that different groups can exert on policy formulation and implementation (see 4.4). A stakeholder is any person, group or institution with an interest in a policy outcome. This definition includes both intended beneficiaries and intermediaries, winners and losers, and those involved or excluded from decision-making processes.

### Identifying stakeholders and their interests

A stakeholder analysis distinguishes between primary stakeholders (those that are the intended beneficiaries of reform) and key stakeholders (those who can significantly influence the outcome of the reform process, but who are not necessarily the intended beneficiaries of reform).

Stakeholder analysis aims to:

- identify and define the level of influence of primary stakeholders;
- identify and define the characteristics of key stakeholders;
- assess the manner in which they might affect or be affected by the intervention;
- understand the relations between stakeholders, including an assessment of the real or potential conflicts of interest and expectation between stakeholders; and
- assess the capacity of different stakeholders to influence reform processes.

Involving those who stand to win or lose from policy or institutional reform, or who may influence the reform process, helps to make the interests of key stakeholders transparent and to build ownership of the reform process.

### Balancing and managing stakeholder interests

A stakeholder analysis will identify key players in a reform process, but offers no practical guidance on how to resolve the conflicts that arise when reform initiatives are contested by different stakeholder interests. This is where stakeholder negotiation – also known as stakeholder engagement or consensus building – is required. Stakeholder negotiation is a process of discussion and/or decision-making among different parties with different interests and values at stake in a particular situation. Stakeholder negotiation brings together a diverse range of disciplines including politics, law and business management.

### Principles of consensus building

- A full stakeholder analysis (including those who may contribute to resolving or exacerbating disputes);
- Accommodation of cultural differences in the design of capacity building and negotiation strategies;
- Acknowledging and transforming perceptions;
- Opening communication channels;
- Developing a level playing field for genuine collaborative negotiations;
- Building rapport;
- Focus on underlying needs and motivations;
- Identifying and exploiting the common ground;
- Brainstorming creative options and widening field of potential solutions;
- Facilitation of mutual gains;
- Testing agreements for financial, technical and democratic feasibility.

*Conroy et al. after Warner, M., 1998.*

A key part of the consensus-building approach is to identify appropriate capacity building options. These may include:

- building upon customary approaches to dispute resolution (e.g. by providing training in negotiation skills);
- training community leaders in ways of mediating conflicts between their community and external organisations;
- training legal representatives in facilitation and mediation to find 'win-win' solutions (e.g. local land mediators);
- involving powerful stakeholders in the process, otherwise they will block negotiations and attempts at implementation. Attitudinal change can be facilitated by involving decision-makers from the beginning;
- identifying the incentives that can motivate people to co-operate and support the reform process. In many cases, a compensation package may need to be negotiated to secure the support of potential 'losers' to a particular reform programme.

### Implications for implementation

A programme of policy reform should build in-country capacity to manage and negotiate different stakeholder interests. Successful policy-reform initiatives are driven by change-management teams that comprise representatives from key stakeholder groups who have been trained in conflict management, negotiation and facilitation. The use of such teams helps to create ownership and support for reform from groups that might otherwise sabotage the implementation of new policy.

Stakeholder negotiation is one way of balancing the influence of powerful interest groups with that of less powerful groups. It does not on its own address the fundamental imbalances in power that allow some groups to have more influence on the reform process than others; reform initiatives may therefore need to be accompanied by programmes to promote poor people's contributions to, and influence over, the reform process. Section 5.5 examines the ways in which poor people can be empowered to participate in and influence policy and institutional reform processes. Initiatives that promote a more equitable balance in power and influence within society increase the prospects for effective policy implementation and pave the way for more equitable policy and institution-setting in the future.



Stakeholder participation is a process whereby those with rights and/or interests plan and decide on policies and activities that affect them.

### Why promote participation in reform processes?

Institutions and policies reflect the physical and social needs, capabilities and political interests of those who designed them. Thus, they tend to reinforce the interests of more powerful groups within societies: rich before poor, men before women, adults before children, urban before rural, transnational corporations before national interests. Participatory processes for reform in policy and institutions aim to reverse such trends to ensure more equitable outcomes and more secure livelihoods for the poor.

### Participation checklist

The following questions may help in the design of participatory policy reform processes:

- Who are the key stakeholders who might participate in policy and institutional review processes, and what are their potential interests and contributions?
- What mechanisms and opportunities for meaningful participation exist, and to what extent are important stakeholders able to make use of them?
- What scope is there for participation in the policy and institutional reform process, and how can the participation of stakeholders, particularly primary stakeholders, be brought to light?
- What indicators suggest that participation actually resulted in influence and shared control over reform decisions?

### Ways of securing participation

For more than two decades, participatory methodologies have proved effective in enabling people to take greater control of the development process. However, with few exceptions, efforts have focused on increasing local participation. More recently, this has broadened.

#### *Formal Planning Processes*

Some countries have managed to engage the direct participation of poor people in the formal planning process. Participation can be promoted by holding workshops and events throughout the country where participants can engage in debate. Examples of such fora are national strategies for sustainable development, land policy reform, and participatory poverty assessments feeding into PRSPs.

#### **Insight**

One recent example of pro-poor reform is the Programme for Eradication of Poverty in Uganda. This called for support from central government, local government, civil society and donors for Government and making use of existing data and research to refocus public policies and interventions to be pro-poor. The programme has emphasised process and wide consultation using tools, such as workshops and participatory techniques, which involve all stakeholders (from civil servants to villagers). The process has involved gradual changes in ideas, language and in priorities. The Ugandan government has been quick to translate the programme into its budget and spending framework and public expenditure on basic services has already increased dramatically. Donors are supporting the Ugandan government in testing new ways of working and providing budgetary support to help fund appropriate public good and capacity-building investments.

#### *Communications and media*

New kinds of communication and dialogue are required for broader stakeholder participation and this can be promoted by the use of various media. For example, participatory video is an immediate and powerful tool that enables villagers to present their priorities visually and to open dialogue with policy-makers and local authorities. It overcomes literacy barriers and permits different groups of local people, rather than outsiders, to present their own views and interpretations. The response of

Developing effective channels of communication between poor households and the central policy network is one of the biggest challenges of adopting a SL approach to policy reform.

policy-makers can also be recorded and the process of dialogue continued through time. The intensive process of facilitating representation can incur considerable costs. However, these should be compared to the costs and risks that would be incurred as a consequence of developing inappropriate policies.

### Insight

Rural energy programmes in Malawi have been focused on the distribution of improved stoves. However, these programmes were found to be unsuccessful and few of the stoves were adopted by villagers in practice. Participatory research showed the complexity of rural energy problems and their causes, and highlighted the need for cross-ministry approaches to resolving them. Villagers debated their problems and identified communication strategies. Some of the problems identified required internal negotiations and some required dialogue with authorities. The villagers made their own videos and showed these to national level policy-makers, which contributed to the reform of the national Energy Strategy. Staff from the Ministry of Energy and Mining and the Forestry Department were involved in the research from the beginning to increase ownership of the findings and to increase the likelihood of implementation of the findings.

### *Civil society organisations*

In practice, most citizens influence policy by working through some collective action or civil society organisation. Civil society organisations represent their members' interests in a number of ways, including lobbying, representation on public bodies, and participation in consultative processes. In many developing countries, however, lobbying can be seen as a difficult and risky activity, which requires resources and specific skills. Strengthening the capacity of civil society action groups to lobby for, and negotiate in, policy reform processes is an important way of promoting pro-poor policy and institutional reform. Such civil society organisations might include community-based organisations, producer associations, unions or NGOs concerned with civil rights.

### Insight

As stated in the Action Plan for Secure and Sustainable Livelihoods in Decent Working Conditions, DFID will avoid working directly with Governments that deliberately use forced labour as a political tool to enforce social exclusion, marginalisation and poverty; the Burmese regime is an example of this category of government. Where possible, alternative development support will be provided in collaboration with civil society. DFID will work through UN organisations to discourage direct contact with such Governments, outside of addressing public health issues, and so encourage international pressure for internal domestic reform.

### *Building capacity for poor people's participation in policy reform*

The voice of poor people and their demands for policy reform are often mediated through government agencies or other secondary stakeholders. Many such agencies are ill prepared to adopt more participatory, client-focused consultations. Participatory reform often needs to be accompanied by programmes that address the value systems and capacity of these mediating agencies such that they are willing and able to listen to – and act upon – the concerns of poor stakeholders.

### *Institutionalising participatory approaches*

Building capacity for promoting participation in policy and institutional reform is critical. However, capacity building alone is unlikely to improve participation in the longer term. Participatory policy reform processes must become embedded within the political economy of the country. This often requires the legitimisation and protection of the rights of poor people to exert their demands over policy. New institutional arrangements (or sets of rules) are thus often needed before poor people can participate in, and shape, the reform of other institutions. Institutional arrangements that promote pro-poor policy influence include:

The Shelter Forum (SF) is a formal network of 600 community groups and NGOs, which was set up in Kenya in 1990. Its goal is to *facilitate sustainable access to affordable and decent shelter for all*. SF restricts its activities to providing information and networking while its members look after housing. SF has managed through lobbying and negotiation to change building standards and planning codes so as to benefit poor communities.

- The decentralisation of decision-making powers to local authorities or communities as a means of bringing policy-mediating organisations closer to the voice of their constituents.
- Making public organisations accountable to civil society, so creating incentives for public organisations to listen to, and act upon, the needs of poor people.
- At a higher level, constitutional changes may be required to legitimise civil society groups, to permit freedom of speech (including the liberalisation of media) and to allow civil society to sanction the actions of government (by, for example, ensuring regular open and free election of government).

### Insight

In Western Orissa, a sustainable livelihoods approach was used to broaden earlier DFID ideas for a watershed development programme. People's livelihoods were less dependent on natural resources than expected, partly because the poor had such limited access to these resources. Livelihoods analysis identified that poverty was related to social institutions (e.g. bonding of land and labour by moneylenders, caste) and limited government capacity. A SL approach helped to identify how to empower the poor to break existing cycles of impoverishment. The approach suggested strengthening poor people's access to capital assets and working at policy and institutional levels to strengthen the capacity of the public sector, local government and NGOs jointly to design and implement poverty-focused programmes. Livelihoods support teams are to be deployed to analyse the livelihood needs of the most vulnerable, initiate social organisation and capacity building, and facilitate negotiation of resource rights for the poor. A crucial role for the support teams will be to facilitate confidence-building to enable groups to recover mortgaged assets, access government programmes, ensure fair return from labour contracts, and reduce dependence on money lenders. Activities have been planned sequentially. The project aims to build upon assets in uncontested domains initially, before embarking on activities more likely to be contested.

The project recognises the importance of working to develop an enabling policy environment. For example, without improvements in land-tenure policy and implementation, it is questionable whether the benefits of investments in land and water resources will reach the poor. An important window of opportunity for the project to influence policy is the policy on non-timber forest products (NTFPs). Opportunities exist for improving the rights of NTFP collectors and their organisations to collect, process and market NTFPs but as yet lacks the support of the State government. Such rights need to be supported by a pricing system to prevent exploitation by middlemen.

Many examples of decentralisation, or more broadly 'designing structures and programmes such that they strengthen the hand of local-level civil society advocates for the poor' have proven positive. This trend should give rise to processes that are much more supportive of a SL approach. In Uganda, transparency in central-local disbursements, incentives for good performance, and information sharing on the performance of local government have increased accountability and responsiveness to the needs of poor and marginalised people.

### Insight

'Over the past few years, it has become clear that where local government has decentralised powers, and civil society is buoyant, the gains for poor urban people can be substantial. There are a number of examples where city authorities have changed their policies or procedures to provide more scope for greater participation by grass-roots organisations in municipal plans and actions. Examples include participatory budgeting in Pôrto Alegre and other Brazilian cities, and the participation of low-income squatter groups in determining the location, timing and form of their relocation in Mumbai, India'. (DFID's *Urban Poverty Reduction Strategy*, 2000)



Several elements of sustainable livelihoods approach already lie at the heart of other development approaches, and are the product of complementary lines of thinking.

The sustainable livelihoods approach enters an already crowded conceptual landscape for development (see 1.5). Although all development approaches share certain goals, they may start from different places and attempt to reach them by different means. This section of the *Guidance Sheets* explores the relationship between the SL approach and other development ideologies, approaches and tools and suggests where the SL approach may add value. Understanding the links can improve the scope for collaboration and synergy between colleagues and development partners who have different standpoints.

This section compares the SL approach with a broad range of development approaches that represents the spectrum of current social, economic, political, and multidisciplinary perspectives. The selected approaches include:

- Country-level Development Strategies, for example: Poverty Reduction Strategy Papers, Comprehensive Development Frameworks and National Strategies for Sustainable Development;
- Medium-Term Expenditure Frameworks;
- Sector-Wide Approaches;
- Governance and Rights-based Approaches.

The following key questions are asked of each approach:

- What are the core principles of the approach?
- By what process is it developed and applied?
- What does it share with the SL approach, or what conceptual gaps exist?
- What added value (if any) can SL approaches bring to the formulation of the approach?
- How can SL principles be incorporated into the formulation of the approach, or what needs to be done in order to bring the two approaches together?

Development concepts are, by their very nature, evolving and ways of combining the different approaches into a concerted development intervention are still experimental. This section attempts to provide a snapshot of current understanding. Practice of the livelihoods approach is already demonstrating ways in which it can support and complement other approaches, and these are highlighted as case studies.



This sheet examines the relationship between SL approaches and country-level development strategies such as the Comprehensive Development Framework, Poverty Reduction Strategy Papers and National Strategies for Sustainable Development. The objectives, principles and process of development of country-level strategic planning instruments are first discussed below.

### What are country-level development strategies?

Country-level development strategies integrate poverty and environment policies into a coherent, growth-orientated macro-economic framework. Governments are encouraged to take strong ownership of the strategy by assuming responsibility for its formulation. This entails prioritising policy interventions and allocating the domestic and external resources necessary to implement the strategy. The resulting framework provides a basis for aligning external development assistance.

A country-level development strategy is also known as a Comprehensive Development Framework (CDF), Poverty Reduction Strategy Paper (PRSP) or a National Strategy for Sustainable Development (NSSD). These are outlined below.

The World Bank launched its Comprehensive Development Framework in January 1999 with the aim of mainstreaming anti-poverty strategies into international development co-operation. The World Bank and IMF recently developed the PRSP concept as a means for linking debt relief with poverty reduction outcomes. The PRSP model was originally conceived in the context of the Highly-Indebted Poor Countries (HIPC) debt-relief initiative, whereby debt relief was contingent upon the development of a PRSP. PRSPs are now the centrepiece for policy dialogue in all countries receiving concessional loans from the World Bank and IMF.

Agenda 21, the action plan formed at the 1992 Rio Earth Summit, called for countries to draw up National Strategies for Sustainable Development, to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015. NSSDs acknowledge that economic and social sustainability are as important as environmental sustainability; they should not therefore be seen as any different from PRSPs or CDFs.

### Principles of country-level development strategies

Country level development strategies enhance development effectiveness in the long term by:

- emphasising strong national ownership through participatory national consultation processes;
- prioritising poverty reduction and sustainable development;
- addressing macro-economic concerns and structural and social issues.

Although CDFs, PRSPs and NSSDs have different origins they share a number of common features and objectives, as illustrated in Table 1.

### How country-level development strategies are prepared

National governments are responsible for the preparation of a country-level development strategy, with the participation of domestic and external partners. The CDF, which has been piloted in 13 countries, ensures the effective use of human and financial resources by emphasising partnerships between government, civil society, the private sector, and external assistance agencies.

PRSPs will be developed by the 41 countries classified as HIPC countries and eventually by an additional 30 countries receiving financing from external agencies. PRSPs and CDFs are seen as closely linked,

In South Africa, the CDF has been applied at the city level. With the help of the World Bank, the South African government hopes to stimulate the political and economic restructuring of Johannesburg through a comprehensive plan, called 'iGoli 2002'.

In Vietnam, the CDF process included an assessment of macro, financial and structural issues in the light of their social consequences. It also created an opportunity for government to enter into policy dialogue with the private sector for the first time.

and it is expected that a PRSP will be the first step towards a CDF in those countries not in the pilot scheme.

A PRSP, embodying the principles outlined above, should incorporate:

- a poverty assessment;
- targets for poverty reduction;
- public action for poverty reduction as a priority;
- systems to monitor poverty and evaluate the impact of government programmes and policies; and
- a description of the participatory process.

NSSDs aim to build upon existing country-level frameworks and to ensure that all components of sustainable development are integrated into the national planning process. One of DFID's priorities is to ensure that PRSPs integrate economic, social and environmental concerns, and NSSDs potentially have an important role to play in this respect.

Tanzania's three-year PRSP is founded in a number of existing longer-term government strategies, in particular the medium-term Tanzania Assistance Strategy, the National Poverty Eradication Strategy, and Vision 2025. Therefore it has strong national ownership and political commitment.

The Romanian NSSD originally focused on environmental concerns. The strategy later broadened to address economic, social and environmental issues, largely as a result of involving a greater diversity of stakeholders in the consultation process. The strategy, finalised in 1999, ultimately prioritised public health, education, economic growth, and conservation of energy resources.

**Table 1.**

CDFs	PRSPs	NSSDs
<ul style="list-style-type: none"> <li>• Long-term vision and strategy</li> <li>• Enhanced country ownership of development goals and actions</li> <li>• More strategic partnerships among stakeholders</li> <li>• Accountability for development results</li> </ul>	<ul style="list-style-type: none"> <li>• Medium and long-term perspectives for poverty reduction</li> <li>• Country-driven and owned</li> <li>• Based on broad participatory processes for formulation, implementation and outcome-based progress monitoring</li> <li>• Partnership-oriented</li> <li>• Results-oriented, focusing on outcomes that would benefit the poor</li> <li>• Comprehensive – recognising the multidimensionality of poverty</li> </ul>	<ul style="list-style-type: none"> <li>• Participation and ownership across all sectors of society</li> <li>• Process and outcome orientation</li> <li>• Capacity strengthening and institutional reform</li> <li>• Building on existing strategic processes rather than starting yet more initiatives.</li> </ul>

## Relationship between country-level development strategies and SL approaches

Country-Level Development Strategies and SL approaches share common objectives of reducing poverty and increasing sustainable development. Both embrace the common principles of:

- holistic thinking
- long-term sustainability
- national ownership
- partnerships
- process orientation, and
- participation.

However, the two approaches are not synonymous; each has quite different functions. Country-Level Development Strategies are frameworks that shape national policy and international and



national-level public expenditure. In contrast, a sustainable livelihoods approach is one of several means of developing Country-Level Development Strategies.

### What value can SL approaches bring to the formulation of country-level development strategies?

Country-Level Development Strategies must be tailored to address the unique development challenges of a country. However, many Country-Level Development Strategies have not drawn on the results of poverty analyses. Consequently, the links between the causes of poverty and subsequent policy responses are typically weak.

The range of analytical tools that comprise a livelihoods analysis can ensure that country-level development strategies are founded on an understanding of the livelihoods of poor people. The conceptual framework that captures the SL approach can help bring to light the particular policies and institutions that shape those livelihoods. The SL approach offers a way of addressing the whole range of policy issues relevant to the poor, such as access to finance, markets, and personal security as well as to health and education.

For example, a sustainable livelihoods approach can help to:

- gain insight into the factors contributing to poverty by identify groups of poor people and analysing their livelihoods;
- ensure that important livelihood components and constraints are not overlooked;
- emphasise issues of vulnerability and the dimensions of sustainability which national macroeconomic plans often fail to integrate adequately;
- help in the design of effective participatory consultation processes;
- highlight where and how government may intervene; and
- improve the linkages between micro-level realities and macro-level policies by analysing the impact of macroeconomic policies on the livelihoods of the poor, and by identifying those that discriminate against the poor.

Ideally, country-level development frameworks would draw on a range of expertise. An advantage of the SL approach is that it facilitates and encourages multi-sector working. The scope for working in this way clearly depends on the willingness of governments to do so.

SL approaches are most useful to those concerned with local realities and needs. This perspective is likely to be found only in a publicly-led process such as a PRSP, and in countries with governments that are reasonably transparent and accountable. In this respect, an important weakness of the SL approach is that it does not explicitly address issues of politics, power and authority. Other tools (such as Rights-Based Approaches outlined in 6.4) explore these issues further.

### How can SL approaches be incorporated into strategic planning frameworks?

SL approaches, tools and principles can be used to assist in:

- **Analytical or diagnostic work** – the approach offers a range of analytical methods to identify livelihood groups, livelihood opportunities and constraints, and the priorities of the poor.
- **Formulation of the strategy** – the strategic information from livelihoods analyses can help to prioritise policy decisions and interventions according to their positive impact on the poor.
- **Gaining approval** – recognition of the need for inter-sectoral working may facilitate the approval process.

The narrow, agricultural focus of a line ministry frustrated attempts to create a cross-sectoral approach to modernising agriculture in Uganda. The desired breadth was achieved only when the Ministry of Finance and Economic Planning took control and leadership of the programme away from agriculture.

- **Implementation** – in acknowledging the importance of heterogeneity, SL approaches promote a more decentralised and locally-responsive approach to implementation. SL approaches can also inform objective setting and design of monitoring systems.
- **Impact assessment** – SL approaches recognise the need to assess longer-term trends in assets, especially environmental assets.

The extent to which the SL approach has a role in the formulation of country-level frameworks depends on how it is valued by governments, international financial institutions and bilateral agencies. However, the emphasis should be on the core principles of the approach rather than on the associated tools. In this way the SL approach can help to imbue country-level frameworks with processes and policies that are accountable, that are based on a realistic and balanced view of livelihood concerns, that engage with the realities of poor people's conditions, that allow for appropriate subsidiarity in dealing with key issues, and that are cross-sectoral.

The SL approach provides just one perspective on poverty and its causes. The approach needs to be complemented by other kinds of analysis, including economic analysis for assessing and quantifying policy and expenditure proposals, and rights-based analysis to understand the political processes that determine access to assets and enable people to construct livelihood strategies.

The Bolivia Interim PRSP has much in common with the SL approach. Part of the proposed strategy focuses on reducing the vulnerability of the poor by strengthening their rights of ownership to land and housing, and by increasing the value of their assets.

Effective public-sector management integrates elements of policy, institutions, and public-sector spending. A sustainable livelihoods approach helps to achieve this by combining responsiveness to locally articulated priorities with best practice in policy development and public finance. This sheet aims to help advisers understand the macroeconomic framework within which their advice is considered. Its focus is on the management of public expenditure, and specifically on medium-term expenditure frameworks (MTEFs).

### Background to the development of MTEFs

One way in which governments can have an impact on poverty is through improving the composition and effectiveness of public expenditure. Governments are now changing the way they think about public spending and poverty reduction. A decade ago, broad spending targets were seen as adequate indicators of commitment to poverty reduction. Now a more sophisticated understanding is emerging, which links expenditure more clearly to the *outputs* and *outcomes* of public spending.

This increased focus on the outcomes of public spending has acquired the label of '*public expenditure management*' (PEM). In essence, PEM refers to how public resources are organised, managed, accounted for and audited. However, PEM is hampered by failures in understanding what is affordable over the medium term; defining how sectoral policies drive resource use; and considering expenditure outcomes. MTEFs represent institutional and technical responses to these problems.

### Principles of MTEFs

MTEFs have broken new ground in (i) focusing on the sectoral allocation of expenditure, (ii) linking expenditure with performance, and (iii) identifying the institutional relationships that determine good expenditure outcomes.

In broad terms, a MTEF is a tool for linking policy, planning and budgeting over a three-year period. MTEFs aim to ensure that government policies are in line with government fiscal policy, and that resources are allocated in accordance with government priorities and used in an efficient and effective manner. They seek to:

- estimate the resources that are likely to be available in the medium term;
- match expenditure to available resources;
- establish procedures that guide the allocation of expenditure amongst sectors in line with a government's development priorities;
- improve sector planning by ensuring a more predictable flow of resources in the medium term; and
- improve the impact of expenditure.

Annual planning does not lend itself well to planning for poverty reduction. Hence, the MTEF is extremely important to the success or failure of the PRSP.

### How MTEFs are developed

MTEFs are a recent innovation, so there is limited consistency in the use of the term and of its basic components. Nonetheless, for most practitioners, a distinction is made between three different levels – fiscal, budget and expenditure.

- i) The medium-term fiscal framework is usually the first MTEF component. It outlines fiscal policy objectives and sets out linked medium-term targets and projections. A government uses this

framework to specify the amount of resources it expects to have, and the levels it would like to see for its economic indicators (such as inflation and interest rates). It helps governments to be realistic about investment and to manage short-term fluctuations in income and expenditure.

- ii) The next stage is the development of medium-term **budget** estimates for spending agencies. Based on what is affordable in the medium term, Ministries of Finance (MoF) define national policy objectives and priorities. With cabinet endorsement, the MoF tells sector ministries what can be spent, and what outputs it expects to see. By tying the national budget to the medium-term fiscal framework, the budget becomes financially realistic and spending is guided by a constrained resource envelope.
- iii) The medium-term **expenditure** framework develops the approach further by adding elements of *activity- or output-based* budgeting. This contrasts with traditional *input-based* budgeting, where budget negotiations between the MoF and sector ministries concern how much a ministry will receive, rather than its actual or expected achievements. An important element of the MTEF, therefore, is the development of an effective challenge function by the MoF, where it contests outcomes and outputs of public spending. In this way, the MTEF process is dynamic, with MoF regularly checking that funds are spent on achieving results that are consistent with government priorities.

Early lessons are emerging about the viability and impact of MTEFs.

- MTEFs are complex and demand high levels of institutional and organisational capacity.
- MTEFs are probably viable only in countries with a stable macroeconomic setting.
- MTEF-based reforms are sustainable only if they demonstrate early benefits to key players in the process.
- Clarity of national and sectoral objectives is crucial.

### Relationship between MTEFs and SL approaches

MTEFs impact on the livelihoods of the poor primarily through policies, institutions and processes. By improving the way in which public money is allocated and spent, MTEFs can strengthen livelihoods by:

- increasing access of the poor to assets (e.g. through increased expenditure on rural infrastructure, health and education); and
- increasing the returns to the assets of the poor (e.g. by reducing rural transport costs, or improving agricultural technology).

In the past, there may have been a tendency to view budget-based approaches as inconsistent with SL approaches. The main reason for this perception probably lay in an assumed inconsistency between the principles of SL approaches – which emphasise bottom-up, inclusive processes – and those of PEM, which may appear top-down and exclusive.

In fact, there is much to link the two approaches:

- both emphasise the importance of being cross-sectoral. For MTEFs, it is clear that the achievement of policy goals requires progress to be made across sectors;
- both recognise the importance of policies as instruments for poverty reduction;
- both are concerned with outcomes. For MTEFs this means that objectives are interpreted in terms of the impact of government policy on the livelihoods of the poor;
- both stress the fundamental importance of participation, though this is a new emphasis in relation to PEM. Civil society is increasingly seen as playing a key role in relation both to the determination of policies and to the monitoring of their impact;

The Uganda MTEF began in 1992 and has undergone three major phases. The first, from 1992-94, focused on the macroeconomic framework and selective treatment of medium-term allocation (e.g. wage bill, defence, roads etc.). The second, from 1995-97, examined both the macroeconomic framework and comprehensive sector allocation, which linked to sector policy objectives (e.g. National Poverty Eradication Action Plan). The current phase focuses on annual consultations with donors, legislature, and civil society.

- both share the principle of sustainability .MTEFs aim to strengthen financial sustainability that will in turn contribute to the sustainability of livelihoods.

### What value can SL approaches bring to the formulation of a MTEF?

SL approaches can help to make the outcomes of PEM more effective by:

- ensuring that medium-term financial frameworks are based on a systematic consideration of the consequences of specific macroeconomic targets on the livelihoods of the poor;
- ensuring that the design and implementation of government policies is based on a sound understanding of the livelihoods of the poor and the way in which government spending can strengthen these;
- helping to promote participation, transparency and accountability in PEM; and
- strengthening cross-sectoral policy formulation processes.

### How can SL approaches be incorporated into the formulation of a MTEF?

There is an opportunity to use SL principles in the design and implementation of MTEFs. For example, ministries of finances could:

- adopt the livelihoods framework as an analytical tool to better understand the links between sectoral policies and poverty impact;
- use SL approaches to determine efficient indicators of performance and outcome with which to assess the performance of sector ministries;
- use area-specific livelihoods analyses to establish constructive participation between government and civil society; and
- pilot approaches at the local level to develop cross-sectoral dimensions to the policy and priority setting process for decentralised authorities.



The 1997 *White Paper* commits DFID to promoting human rights through policy and practice. In response to the universal declaration on human rights and subsequent UN conventions, DFID's Human Rights Strategy Paper acknowledges the relationship between human rights and issues of inequality and social exclusion. A SL approach can help to build upon this in order to tackle poverty in all its dimensions.

### Principles of rights-based approaches

The objective of a rights-based approach to development is the achievement of all human rights for all. This includes civil and political rights (e.g. freedom of speech, religion, political affiliation and assembly) and economic, social and cultural rights (e.g. rights to health, education, shelter, land, a livelihood). Rights are universal, they apply equally to everyone, and they are indivisible, all rights are equally important; no one right or set of rights takes precedence over another.

A rights perspective asserts the causal link between political marginality and poverty, and thus emphasises questions of social differentiation and social exclusion. Rights-based approaches aim to strengthen the claims of the most vulnerable, such as women, children and minorities, to the social, political and economic resources that all should enjoy.

Rights-based approaches are concerned with individual and group *entitlements* to basic services and livelihoods. This means that, for example, schooling is to be regarded as a right rather than being granted on the basis of need. Entitlements, thus, represent claims or demands that individuals or groups can make, principally on the state. Analysing why citizens are unable to claim their rights and ensure accountability by public institutions is an exercise of fundamental importance for a rights-based approach. Non-state actors, such as national and international NGOs and the private sector, are also required to take account of rights in their actions.

#### How a rights-based approach is implemented

Rights-based approaches aim to strengthen political participation by the poor, offering them a voice in decision-making forums and enabling them to actively claim their rights. They also focus on reform to local, national and international laws, policies and institutions to render them more responsive to the interests and rights of the socially excluded.

In order to achieve this, rights-based programmes may entail:

- strengthening poor people's organisations;
- programmes to educate and inform poor people of their rights;
- participatory planning that allows people to define their own priorities;
- training for officials responsible for delivering services to ensure equity of treatment;
- reform of laws and policies; for example, securing rights of land tenure;
- legal representation to enable people to claim their rights; and
- civil society monitoring of the performance of public institutions and budget processes.

Rights-based approaches are new, however, and translating principles into practice is still at an early stage. One question concerns the translation of the principle of indivisibility in the context of resource-poor governments. Since not all claims can be met simultaneously, what does it mean to assert that governments have a duty to ensure that all citizens are educated, housed and healthy? Rights-based approaches focus on the participation of civil society in defining targets and benchmarks so that governments' progress towards the realisation of rights can be monitored. Combining rights-based and SL approaches can further assist in answering this question.

### Relationship between SL approaches and rights-based approaches

There is a natural affinity between rights-based and SL approaches. Both are concerned with the fact that although all citizens have the same entitlements, access to rights and resources is not equal. Consequently, promoting empowerment, participation and accountability are essential components of both approaches – in rights-based approaches so that the poor can enjoy their rights, and in SL approaches so that they can formulate their livelihood strategies. Both approaches also emphasise the importance of understanding and influencing the policies, institutions and processes that govern people's access to entitlements and resources.

### How can SL approaches add value to rights-based approaches?

A sustainable livelihoods approach can help identify which rights are important for poor people's livelihoods. A livelihoods perspective encourages a holistic analysis of the social context in which rights are present or absent. It can help to identify and prioritise entry points and possible phasing in of rights programmes. For example, where a livelihoods analysis identifies a lack of specific rights as preventing livelihoods from being sustained or improved, or reveals marginalised groups, these can be possible entry points. The SL approach can also assist with the sequencing of rights. Because it encourages a dynamic perspective, the SL approach can suggest ways to improve all rights incrementally, rather than prioritising some rights over others.

A livelihoods analysis can also tease out the relative weight to be attached to legal, institutional or social factors in preventing the fulfilment of rights, and the connectedness between different factors. For example, if children are not in school, this may be because the government is unwilling to fulfil its responsibilities or because it lacks the resources to do so, or it may be because the household depends on the children's labour. For girls, traditional social attitudes may be the root of the problem. A livelihoods analysis can thus bring to light the key changes that need to be made in legal, institutional and social arrangements to ensure that people enjoy full and secure access to their rights.

### Linking SL approaches and rights-based approaches

Incorporating a rights perspective within the SL approach can encourage a sharper focus on issues of social exclusion and political capital than would be possible using the SL framework alone. A rights analysis might show, for example, that legal reform giving women formal title to land would be the single most important factor in enabling them to capitalise on their assets. In this respect, including rights audits or assessments in a livelihoods analysis can be useful in identifying the responsibilities that others have for achieving sustainable livelihoods.

Because rights-based approaches are founded in international law they can give a livelihoods analysis a wider focus. Whether at local, national or international levels, rights-based approaches can point to the legal and other mechanisms that can enhance the delivery of entitlements. Rights-based approaches are particularly valuable in situations of conflict, where abuses of human rights may make sustaining livelihoods exceptionally difficult.

#### Insight

Methodologies for analysing rights issues are currently being developed. UNICEF, for e.g., has carried out consultation exercises in order to assess the consistency between a government's legislation and policies and their human rights obligations. DFID is investigating how participatory research tools might clarify people's own understanding of their rights and the obstacles they face in claiming them. Two-stage pilot studies have been designed in which participatory methods will first be used to analyse issues of participation, inclusion and accountability. The second stage will use this information as a basis for auditing institutional arrangements, practices, policies and legislation.

In both Russia and Cambodia, the use of livelihood analyses identified unclear property rights as a major constraint to livelihood security. Helping to resolve the tenure issue fits well with both SL approaches and rights-based approaches.



An important challenge for governance is in ensuring that a supportive environment for sustainable livelihoods is developed at all levels at which decision-making takes place.

The Western Ghats forestry Project in Karnataka, India, applied a governance approach, based on the thinking that without change in the institutional environment and the delivery mechanism, there would be little real change in livelihood outcomes. The governance framework adopted by the project for promoting *change* was based on identifying and analysing the roles, functions, and relationships of different agencies.

## What is governance?

There has been much debate about the meaning of the term governance. UNDP defines governance as the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. It is used to mean 'the mechanisms, processes, and institutions through which citizens and group articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences'. In its 2000 Target Strategy Paper on *Making Government Work for Poor People*, DFID interprets governance to mean 'how the institutions, rules and systems of the state – the executive, legislature, judiciary and military – operate at central and local level, and how the state relates to individual citizens, civil society and the private sector'.

## Principles of governance

DFID's governance agenda is based on six principles:

- Rule of Law – legal frameworks should be fair and laws enforced impartially;
- Transparency – which relies on the free flow of relevant and understandable information;
- Accountability – where decision-makers in the public and private sectors, and from civil society, are answerable to the public;
- Equity;
- Universality; and
- Political Contestability – where there is competition between political parties, which are elected through a democratic process.

UNDP's approach to governance differs only slightly in that it places greater emphasis on participation, whereby all men and women have a voice in decision-making.

DFID's approach to governance further emphasises the importance of governance for establishing the legitimacy and sustainability of a country's development path. Its prime focus is on poor people, it is based on detailed knowledge and contextual understanding, and it is multi-sectoral, incorporating public sector, private sector, and civil society, especially NGOs.

## How governance approaches are developed

From the DFID perspective, where partner countries welcome external development assistance, there is a legitimate and necessary interest to promote improved governance. DFID has recently developed tools for *good governance assessments*, which systematically analyse the nature of governance (see 4.3). Assessment goes well beyond simplistic institutional analysis to consider an array of interests and motivations that can provide insights into how institutional structures operate to yield particular forms of governance. A further analytical step is to identify which elements of governance have the greatest potential to contribute to the achievement of development priorities for poverty reduction.

The starting point in addressing governance issues should be poor people themselves. The priority is to support partner governments to address those shortcomings in governance that most restrict people's capacity to escape poverty. This may entail a concern for many levels of governance – ranging from those most proximate to poor people (e.g. their personal security and the effectiveness of public sector service delivery) – to governance concerns at a more macro level (e.g. where extreme forms of corruption may be considered a significant obstacle to attracting investment and generating a dynamic economy).

It is important to note that governance may be seen as both a means to an end, and as an end in its own right. As a means to enhancing well-being, the focus would be on how governance influences the creation of opportunities that poor people can exploit to construct sustainable livelihoods. Improved security and greater participation of the poor are in themselves desirable outcomes of good governance.

DFID's Target Strategy Paper on governance focuses on *key capabilities of the state* that are seen as fundamental to the achievement of the IDTs. The principles of governance translate into seven essential prerequisites for a government that works better for people. These are:

- political systems that permit all people to organise and influence state policy and practice;
- macro economic stability and private-sector investment and trade;
- policies that lead to a pro-poor allocation of resources;
- equitable and universal provision of effective basic services;
- safety, security, and access to justice for all;
- non-violent conflict resolution; and
- honest, accountable government that can combat corruption.

Support for satisfying these requirements may involve programmes to bring benefits directly to poor people, and programmes to develop the capacity of the state to play an enabling role. Country-level frameworks such as CDFs, NSSDs and PRSPs can provide mechanisms for collaboration between government, development agencies and civil society for the pursuit of governance objectives.

### Insight

DFID is supporting urban-poverty-reduction programmes in 32 towns across the Indian State of Andhra Pradesh. The project, run by the government of Andhra Pradesh, aims to benefit an estimated 2.2 million poor people, through: improving the performance of municipalities, improvements to environmental infrastructure, and strengthening civil society to influence the range and qualities of services. A central feature of this programme is the Municipal Action Plan for Poverty Reduction, which will provide poor people with an effective way of expressing their needs, and will give municipalities an institutional mechanism for incorporating these needs into planning and budgeting.

## Relationship between SL approaches and governance approaches

Both governance and SL approaches share the common principles of being people-centred, participatory, multi-sectoral, and promoting analysis and action at multiple levels. In contrast to the *distributive* side of politics (i.e. 'who gets what, when and how?'), governance encompasses the *constitutive* side of politics (i.e. 'who set what rules, when and how?'). With its focus on empowerment and enhanced access to resources, the SL approach calls for a change in the rules and, by implication, a shift in power relations in order to achieve positive livelihood outcomes. SL approaches, as a vehicle for poverty alleviation therefore require attention to governance. For example, emphasis upon the personal security of citizens and rule of law is important for reducing vulnerability and increasing well-being – by creating a political culture supportive of democratic systems of dealing with disputes; in establishing and implementing legislation for the protection of assets; and for strengthening people's rights of access.

Natural resource management issues are essentially governance issues, because they address issues of collective responsibility, distribution and conflict management, which all imply power relationships.

## How can SL approaches add value to governance approaches?

SL approaches can identify the governance issues that have the greatest implications for poor people's livelihoods. They can help to identify and prioritise governance interventions at all levels (international through to the household) that are likely to have the greatest impact on poverty. In this way SL approaches can bring governance measures closer to the real interests and demands of poor people.

SL approaches can add value in other ways:

- by identifying the importance of heterogeneity, SL approaches may help promote a more decentralised and locally-responsive approach to policy implementation;
- by ensuring that the design and implementation of government policies is based on a sound understanding of the livelihoods of the poor.

### Insight

UNDP's approach to governance acknowledges that changes in power relations are the result of leadership interventions from above as much as citizens' demands from below. Power relations may be changed through a process of *articulation* (voice, decision-making on issues that concern the use of common-pool or public goods); *mobilisation* (of groups of citizens); *distribution of power* (as more and more groups begin to compete for influence); and finally *confirmation of power* (typically through judicial institutions but is more generally dependent on the readiness of both citizens and public institutions to respect the principle of rule of law). This aspect is important in a SL context because it points to the importance of a rights-based approach to development.

## How can SL approaches be linked to governance approaches?

SL approaches can act in synergy with governance approaches to help to establish an enabling environment for sustainable development and poverty reduction. Livelihoods analyses can provide the detailed, contextual information required to design governance mechanisms that are grounded in local realities and tailored to the livelihood situation of the communities that they intend to benefit. In particular, SL approaches can help to identify entry points for governance interventions, bottlenecks in the development process caused by governance-related factors, or where new opportunities emerge for enhancing livelihood outcomes. For example, through developing an understanding of the livelihoods of different sections of a community, social analysis can reveal groups that may be denied access to certain assets and livelihood choices, highlighting the need to guard against any discrimination.



A Sector-Wide Approach (SWAp) focuses on the overall effectiveness of a particular sector, such as agriculture or education, and combines institutional development, policy dialogue and service delivery. SWAps have been developed over the past five years in response to perceived shortcomings of project-led approaches to development aid.

Problems identified with project-level assistance have included: inconsistencies between policies and resource allocations; inadequate support for recurrent costs; differences in standards of service coverage and institutional performance; lack of government ownership; high transaction costs; donor duplication and gaps in implementation and contradictions in approaches, policies and priorities.

### Principles of SWAps

SWAps aim to overcome the above problems by:

- **Encouraging national ownership** – governments lead and own the process;
- **Adopting an integrated framework** – integrating government and donor support within a single planning, management and expenditure framework with the aim of ensuring that sector expenditure programmes are in line with national priorities;
- **Promoting common procedures** – to be adopted across the sector by Government and donors; and
- **Emphasising capacity building** – government systems are adopted as far as possible to disburse and account for all funds (including aid), and implement and monitor the programme.

It should be noted that a SWAp is a *process*, not a blueprint. Existing SWAps are generally moving towards implementing these principles, although practice varies between countries and sectors, depending on the level of aid dependency, government capacity, and the degree of accord within the donor community.

### How SWAps are developed

A typical SWAp process goes through the following stages:

- i) Agreeing on the need for an approach that addresses the whole sector.
- ii) Agreeing on a sector policy, strategy and work plan.
- iii) Agreeing on a common financing mechanism for the strategy (including government and donor contributions).
- iv) Agreeing funding mechanisms for external assistance.
- v) Implementing the sector plan with a clear understanding of obligations and expectations of both parties.

SWAps require a stable, enabling macro environment, transparent and accountable government organisation, and strong political will among both donors and government. They help to strengthen government, private, and civil society institutions and clarify their roles and responsibilities.

### Relationship between SWAps and SL approaches

SL approaches and SWAps both emphasise policies, institutions, and processes, and the need for appropriate reform. Where the major constraint to livelihoods is poor performance by government agencies at a sectoral level, then sector-wide support programmes are often highly appropriate.

However, the sector-wide approach is perhaps less obviously supportive of SL approaches than other development approaches. Whilst SL approaches emphasise people-centred, decentralised development, SWAps have been viewed as top-down, non-participatory, and concerned with centrally-

driven agendas and the needs and capabilities of the public sector. SWAps are by definition sectoral, whereas the promotion of sustainable livelihoods requires cross-sectoral measures. SWAps may also fuel the assumption that aid should be disbursed through government channels. It has been argued that a livelihoods approach is one way of mitigating some of these problems.

### How can SL approaches add value to SWAps?

Many of the advantages of SL approaches stem from the participatory diagnosis of factors that shape poor people's livelihoods. SL analysis can feed into the design and implementation of a SWAp by:

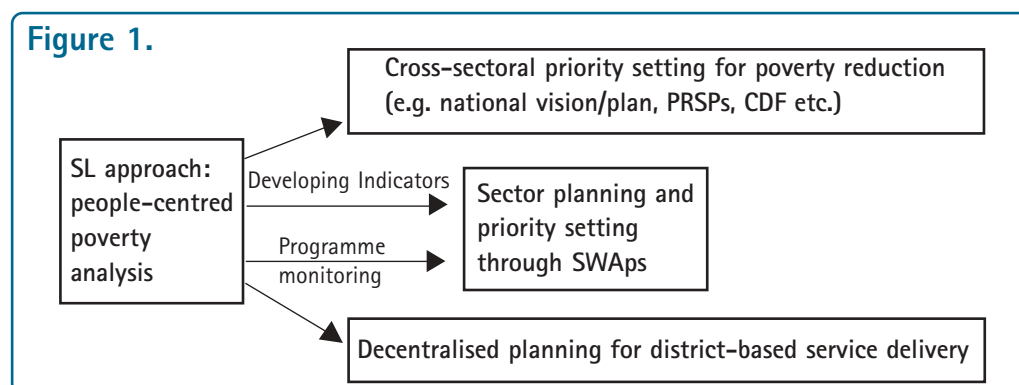
- promoting the participation of different livelihood groups in the design of pro-poor sector strategies;
- making SWAps more responsive to the diversity of local needs;
- creating better understanding of how particular sectors contribute to the livelihoods of the poor, as well as by encouraging cross-sectoral links;
- encouraging sectoral goals to be defined and designed in terms of human outcomes;
- ensuring that programme indicators are selected for their appropriateness, sensitivity, relevance, and their ability to assess non-quantifiable livelihood benefits;
- encouraging cross-sectoral ministerial participation as well as the involvement of other partners;
- highlighting long-term issues of sustainability.

### How can SL approaches and SWAps be linked?

Sector programmes are now aiming to adopt the principles of participation, to support decentralisation, and to emphasise the demand-side of service-delivery issues. SL approaches can reinforce these efforts by providing a set of principles and a source of information to help shape and assess SWAps. Figure 1. shows how SL approaches can link directly to SWAps by supporting the development of appropriate indicators for programme monitoring.

The evidence so far shows that SWAps work best where they focus on a single sector and are less successful at forging links between line ministries. Rather than attempt to overcome these problems from within individual sector programmes, stronger links need to be created between them through national initiatives, such as PRSPs, CDFs or NSSDs.

Experience with SWAps has shown that dialogue and agreement on priorities between government and donors are crucial, however each may utilise different development tools. While SL tools may help to prioritise issues, the methodology used is less important than ensuring that livelihoods concerns and principles help to shape sectoral priorities.



Which of the core concepts of the SLA does this project best illustrate?

Core concept

People centred

Holistic

Dynamic

Building on strengths

Macro-micro links

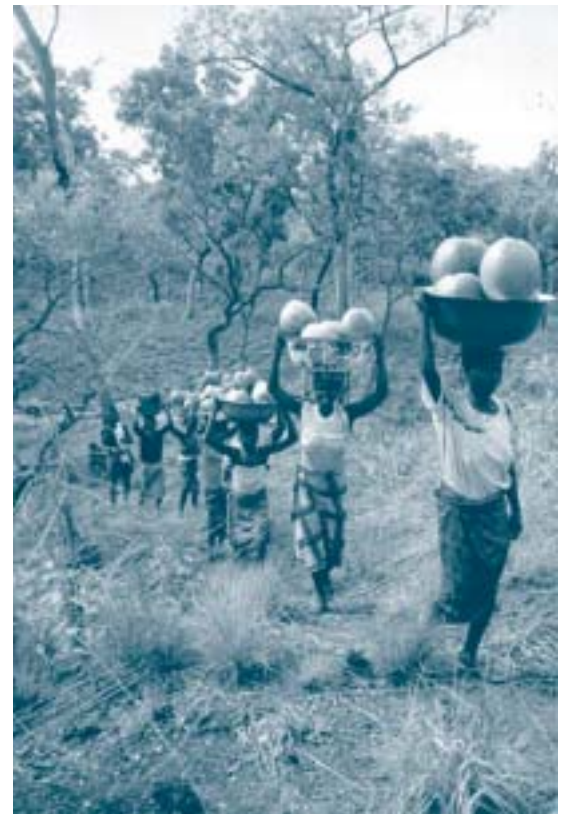
Sustainability



The British Geological Survey predicts that shifting the focus to the role of water in people's livelihoods will have a positive impact on how future projects on drought and water security are planned and implemented.

Adopting a sustainable livelihoods perspective on drought and water security results in a fundamental shift in focus away from the resource itself to people, the role of water in their livelihood strategies, and resource conditions. The ramifications of this shift are considerable: projects tackling drought mitigation and water security become 'problem-led' rather than 'discipline-led'; non-physical barriers to water access rise in prominence; access to water is seen in the context of people's livelihood security, and so on. The experience of the British Geological Survey (BGS), which has been gradually adopting a livelihoods perspective in its projects since the mid-1990s, suggests that such a shift in perspective is likely to have far reaching implications for the way in which projects on drought and water security are planned and implemented.

In 1994, BGS began work on a DFID Knowledge and Research (KAR) project on 'Groundwater management in drought prone areas of Africa'. The impetus for this project was the 1991–92 drought that affected much of Southern Africa, and which left many rural communities without ready access to water. This initial project was resource-focused, highlighting groundwater management policies and interventions that might increase access to water during drought and, by implication, protect rural livelihoods. A second KAR project, 'Groundwater drought early warning for vulnerable areas' followed in 1997. Working with the Overseas Development Institute (ODI) and partners in Ethiopia, the project aims to develop guidelines for identifying areas where groundwater is less reliable and, within these areas, for identifying the most water-insecure communities. This project, which ended in October 2000, followed a more livelihoods-based approach in terms of problem definition, methodology and recommendations, although *both* projects have reflected concern that drought policy has been too narrowly focused on humanitarian food relief.



### Evolving a livelihoods approach

BGS had already begun to move towards a more holistic appreciation of drought and its water security, rather than water resource, implications. The following developments facilitated BGS's adoption of a sustainable livelihoods approach as its advantages became apparent.

- A greater understanding of the multiple dimensions of drought vulnerability, especially of the factors influencing access to, and availability of, food and water has developed within the organisation. This is the result of interdisciplinary team working, engagement with a range of government and civil society stakeholders at different levels – although the project partner is a government water bureau – and field work that has sought the views of rural people on water–livelihood–drought links, rather than just 'drought and water availability', or 'drought and food'.
- A consequence of the above was a growing frustration with sectoral approaches to both the study of drought/drought impact – climate; agriculture; food – and with the narrow focus of most early warning systems and policy responses. For many countries, the management of

drought has focused almost entirely on the question of availability and access to food; other aspects of vulnerability, including water security and its links with food security, have received much less attention. This reflects the organisation and remit of government and donor bureaucracies – often geared towards distribution of food relief – rather than livelihood realities.

- The broader skills base of the project team – hydrogeology; water policy and economics; institutions and social development – led to a re-think about the **nature of water scarcity and barriers to access** across the 'asset pentagon', about the range of interventions needed to protect livelihoods before lives are threatened – moving away from food relief – and about the information requirements needed to trigger them, i.e. removing vulnerabilities.

What has this meant in practice for BGS? One change, seen on this and other overseas development projects, has been the formation of multi-disciplinary project teams – across sciences; and between sciences and social sciences – and the forging of partnerships with external collaborators such as WaterAid and the Overseas Development Institute (ODI) which can offer new insights, and complementary skills. This reflects a problem-led, rather than discipline-led, approach to projects. So, while BGS can provide scientific insights into how drought affects groundwater availability, for example, collaboration across the disciplines, and with those working at community level, is needed to assess impacts on access to groundwater and its livelihood implications.

While this has been broadly welcomed within BGS, there are concerns. First, advocating an holistic approach, even on sector-based projects, can surprise overseas partners more used to dealing with technical specialists. Secondly, and following on from this, partner institutions – e.g. government ministries – are, and will continue to be, organised along sectoral lines. This raises difficult questions about the 'fit' between the outputs of SL-shaped projects and the institutions charged with uptake and implementation.

### What is the added value of a sustainable livelihoods approach?

Adopting a livelihoods approach **has changed the definition of 'the problem'**. The shift from resource to people has provided deeper insights into the nature of water insecurity across seasons, between good and bad years, between different agro-ecological zones and between households. In the Amhara region of Ethiopia, for example, community surveys along a highland-lowland transect revealed how access to – and use of – water is influenced by access to a range of household assets – e.g. access to labour and animals for collecting water; money for water purchase; social capital for securing customary rights to non-communal sources, or small irrigation schemes; knowledge of alternative sources – as well as by physical access barriers to the water itself. The latter are related to resource characteristics – e.g. groundwater reliability; quality; yield – and source – well; spring; borehole etc – characteristics – e.g. number and type of access points and their mechanical reliability – as well as by factors such as terrain, distance to water points and queuing time. Those households with limited assets, and with limited physical access to reliable water sources and resources, are the most water insecure.

Secondly, a livelihoods perspective **has provided insights into asset 'management' at the household level, helping to draw out relationships between water and food security**. For example, understanding patterns

Adopting a livelihoods perspective has led the BGS to adopt a 'problem-led' rather than 'discipline-led' approach and has resulted in the formation of multidisciplinary project teams.

*Investigating patterns of water use help us to understand how water insecurity can affect production and income*





The 'shift' to a more holistic view of drought encouraged the project team to consider a broader range of water security indicators and the potential policy and management options it had.

of water use, and how water is combined with other assets to generate income – e.g. watering of livestock; small-scale irrigation – helps us to understand how water insecurity, e.g. during drought, can affect production and income, as well as direct consumption. Similarly, time spent finding and collecting water may carry a high opportunity cost at certain times of the year, and during drought, because of lost production, income and food gathering through reduced labour time, and missed education for children.

Finally, a livelihoods approach **has influenced the range of policy and management options considered by the project team** in terms of its early warning and response remit. In this respect, attention has focused on how a broader range of water security indicators, focusing on both water availability and household access to it, might be combined with existing vulnerability mapping/profiling exercises – which focus on food security – to gain a clearer picture of livelihood security, and of the interventions needed to support it. For example, in protecting the livelihood assets of households in the early stages of drought, or rebuilding them in the aftermath of a bad year, the key variable may be access to water, both in – for example – increasing labour time availability, and in protecting and increasing livestock production. This may indicate the need for targeted water supply interventions, coordinated and carefully sequenced with food security/asset rebuilding efforts.

*The project aims to develop guidelines for identifying areas where groundwater is less reliable and, within these areas, for identifying the most water-insecure communities*

### Constraints of a livelihoods approach

There are several limitations to the approach, particularly in relation to the 'fit' between livelihoods approaches, emerging policy recommendations, and the sector-focused institutions charged with take up.



One key recommendation of the project is that a broader approach to drought mitigation than currently exists is needed, at least in those areas where access to perennial water is limited. This implies use of a wider range of livelihood indicators and interventions to warn of drought-related problems, and to trigger timely and appropriate responses. This scenario, however, does not sit very well with existing government and donor bureaucracies which separate famine from other drought impacts, and emergencies from more general developmental activities.

A DFID Technical Cooperation programme may be able to add extra sub-projects over time to reflect livelihood realities as, for example, a clinic-based health project might expand into rural water supply and sanitation. However, changing the way government and donor agencies operate, and the power relations between them, is much more difficult. While a small research-based project such as this can advocate change in the way drought planning and mitigation is conceived and implemented, and ensure findings are widely disseminated, it must be realistic about end-of-project outcomes. Drought early warning and response is much more than a technical matter related to the collection of 'good' information on the right 'indicators'. It is a deeply political issue for governments and donors, which raises all sorts of questions about the interests and objectives of different actors, about the ownership, control and objectivity of information, and about the factors which control how information is used, and to what ends. Arguably, the timing and scale of drought

response – thought not the appropriateness of interventions – is still governed more by donor-government relations and media profile than by the severity of crisis or quality of early warning information collected.

Interdisciplinary projects such as this, which attempt to understand complex livelihood relationships, and which engage with a range of different stakeholders at a variety of levels, can be more expensive and difficult to manage. This is especially so when disciplines are first exposed to one another, in part because of the attitudes and beliefs that participants in the project bring to the table. This may result in unrealistic or uninformed expectations by participants; unrecognised problems in data and measurement; and a tendency for one field or discipline to dominate the process of identifying problems and framing questions. Avoiding these pitfalls requires joint definition of problems – and therefore logical frameworks – from the outset, and enough time for participants to learn to work together.

Interdisciplinary projects call for a new working style and sufficient time must be made available of participants to learn it.

## Wider implications

Lessons learned have implications for:

- the **planning and development of water projects generally**, in terms of the need to incorporate understanding of the household water economy, and how this is affected by changes in access to different livelihood assets, as well as by changes in the physical availability of water;
- the **planning and development of rural projects across sectors**, recognising links between the household water economy and livelihood strategies. For example, an understanding of the dynamics of how water is used and combined with other assets, and how changes in water availability/access can impact on production and income, has implications for non-water projects. Water supply interventions, for example, may release scarce labour for agricultural activities, and increase school attendance rates;
- **project/programme balance**. Moving away from resource-focused projects does not mean that an understanding of resource conditions and trends is no longer important. There are resource-centred projects which have performed poorly because of their technical bias; there are also people-centred projects that perform poorly because of their superficial consideration of important resource issues. Clearly a balance is needed, avoiding the tendency for one field or discipline to dominate unduly, particularly at the stage of problem conceptualisation and project planning.

This case study is published by permission of the British Geological Survey, ©NERC all rights reserved.

**SL APPROACHES IN PRACTICE**

**ROADS: BUILDING IN A POVERTY FOCUS**

**7.2**

Which of the core concepts of the SLA does this project best illustrate?

- Core concept
- People centred ✓
- Holistic ✓
- Dynamic ✓
- Building on strengths
- Macro-micro links
- Sustainability ✓

Sustainability depended not only on factors affecting the availability of physical infrastructure, but on broader issues affecting people's ability to use and maintain roads.

This example shows how, with flexible management and on-going analysis, a Sustainable Livelihoods Approach can be adopted whilst a project is being implemented. In this case, a SL perspective at review stage resulted in making the project more poverty focused and sustainable.

The Feeder Road Project (FRP) began in 1995 as an innovative project to rehabilitate feeder roads in an area of Mozambique still suffering the consequences of long-term conflict. An important objective was to increase local interest within the public and private sectors and in civil society for sustainably improving physical access for people in rural Zambezia. Measures to achieve this included using provincial rehabilitation priorities which opted for labour-based methods of road building rather than the more usual mechanical building methods; training and employing a workforce comprising provincially-based contractors and indigenous workers.

By 1998 it was apparent that these aspects of sustainability were not just dependent upon factors affecting the availability of physical infrastructure, but on broader issues affecting people's ability to use and maintain roads. For example:

- roadside communities faced the threat of land grabbing by logging and other companies;
- people recently displaced by the war faced insecurity of land tenure;
- women were not sufficiently represented in road gangs although the project aimed for an equitable distribution of earnings;
- a question over the need for roads passable by motor vehicles above those passable year round by foot or bicycle;
- the threat of HIV infection to members of road gangs and road camp supporters.



*Roads built to provide year-round bicycle access are of more use to the poor than roads built for use by motor vehicles*

The approach of the project was sufficiently process-orientated to enable a closer look at these factors and complementary activities to be approved following an Output-to-Purpose Review in 1998. These innovations amounted to:

- 1998: adding a component to address land insecurity among roadside communities;
- 1999: introducing measures to redress gender imbalance in recruitment to road gangs—men are now recruited for work gangs only after a target figure for women recruits has been reached;
- 1999: piloting of women-only maintenance gangs; commissioning a study of other barriers to employment for women;
- 1999: raising awareness of HIV/AIDS and setting up mitigation activities – e.g. introducing theatre groups, condom distribution and health workers in camps;
- 1999: strengthening the socio-economic impact analysis and the selection of roads for rehabilitation;
- 1999: commissioning an environmental impact study;
- 1999: providing emergent contractors with assistance in business development;
- 1999: commissioning a study into 'Barriers to Access' in Zambezia and holding a stakeholder workshop to discuss the findings;
- 2000: adopting a revised logframe – this refers to added ORAM component and to previous modifications of Objectively Verifiable Indicators (OVIs), especially the adding of qualitative indicators;
- 2000: reviewing the findings of these initiatives and the scope for further support to enhance livelihoods through access improvements.

In shifting from a focus on the 'product the roads' to 'how roads and road building affect the people who live nearby and who might eventually use them as part of their livelihoods strategies', the project exemplified a key characteristic of sustainable livelihoods approaches, the fact that they are **people centred**.

### Poverty focus

As originally conceived, the project would have opened up feeder roads but it was not certain that the benefits would have accrued to local people. Applications for land accessible by the newly-rehabilitated roads has grown rapidly, specifically from companies whose indigenous and developmental interests in the area were questionable and whose interest threatened the unofficial tenure of roadside populations. A local NGO, ORAM, has been contracted by the project to work with populations to raise awareness about issues connected with land tenure, and to help them apply for it.



*An important objective was to increase local interest within the public and private sectors for sustainably improving physical access for people in rural Zambezia. Measures to achieve this included opting for labour-based methods of road building*

The original project 'end' of building a road to provide physical access has become the 'means' to build assets and to limit the negative effects that rehabilitated roads have on poor people.

The development of the socio-economic component is another positive result of adopting a livelihoods perspective. Initially this element was introduced merely to monitor the impact on the livelihoods of people working on the roads. The project now views this research component rather differently; where findings directly touch on people's livelihood concerns and strategies, they have formed the basis for action. An example is the raft of health awareness activities implemented as a result of socio-economic studies on the health of road gang workers. This dynamic response is characteristic of SL approaches, which seek to understand and learn from change, and to mitigate negative patterns of change.

The evolution of these developments has not changed the overall outputs but has significantly changed the approach and underlying 'raison d'être' of the project; today it focuses on answering the question: which stakeholders will be most affected by the road and how will the road affect their livelihoods? Thus the original project 'end' of building a road to provide physical access has become the 'means' to both build up further assets (physical, financial) and to limit potential negative effects (HIV spread, environmental degradation, eviction) caused by rehabilitated roads on poor people.

### Building partnerships

This project has followed a similar pattern in its involvement at the institutional level as it has with activities. Starting with its link to the NGO ORAM, it has created a cross-sectoral, inter-Institution and multi-level connection by which ORAM and DEP could liaise. This is similar for links with other sectors. For example, the link with the natural resources sector has been facilitated by a DFID Sustainable Rural Livelihoods Field Manager, who now provides a mutually reinforcing link between the two DFID projects in the area. Thus where the Zambezia Agricultural Development Project

(ZADP) is active, the Feeder Roads Project has built three bridges. More recently the implementers of the ZADP have been supporting some research on Barriers to Access with data and analysis.



*Getting goods to and from local markets was a high priority for local people*

An important question for project implementers must have been: where does a sector-based project draw the line and refuse to involve itself with constraints outside its sector? FRP decided to address land tenure because to ignore the issue would have significantly limited the value of the roads to the livelihoods of roadside communities, which the project wished to target. How close a potential activity is to the original entry point is an important criterion in deciding whether the project should include or exclude it.

In the case of the FRP and ZADP, although the same donor is funding the two projects in the same geographical area, in allied sectors, an attempt to combine the projects would probably not have led to success. One project would have been unmanageable and may have resulted in loss of ownership. Significantly, a mutually supportive and creative tension between two projects of this nature has been created by using SL approaches during reviews, by making sure that there are common team members on reviews and in identifying constraints and practicable actions.

The approach taken to working with government and private organisations has been one of capacity building – as opposed to working with the NGO, which has been a service provider to the project. The capacity-building element has been at two levels: through building appropriate skills and attitudes for sustainable, high quality entrepreneurs and support staff; and through building a positive local policy environment (more fair employment possibilities, quality-control in the DEP) in which the entrepreneurs can work in the future.

### The added value of a SL approach?

By building on initial strengths, the project personnel looked to see where its activities could further and more equally develop especially the human (health, business capacity) and social (status) asset bases of different stakeholders. The project has also attempted to deal with factors that would limit the impact of the roads on the livelihoods of target communities; for example, barriers to accessing the new feeder roads and insecurity of land tenure. These have knock-on effects for scaling up agricultural enterprise and improving the markets and marketing activities in the area, and hence demand for and use of transport. Bolstering the assets of the roadside communities and taking the first steps to tackle the insecurity of land tenure has served to reduce their vulnerability. A key characteristic of SL approaches is their emphasis on sustainability. Although this project was not designed as an SL project, it does prioritise **sustainability**. Encouraging the business development of contractors, employing local health workers and sociologists and fostering grass-roots connections with NGOs all contribute to sustainability by helping to build local expertise and confidence.

Bolstering the assets of the roadside communities and taking the first steps to tackle the insecurity of land tenure has served to reduce their vulnerability.



*By 1999, the project had begun an awareness-raising programme to prevent HIV/AIDS in road camps*

### Weaknesses of a SL approach in this project

- Links across sectors and institutions grew slowly. The greatest strides have been made in the last two years. However, it should be noted that carrying out the early FRP already represented a considerable institutional learning process – at both provincial and national levels – over previous roads projects. This was due to its emphasis on unconventional labour-based techniques, local contractor development, gender and supervision issues, and looking at how to make more

Encouraging the business development of contractors, employing local health workers and sociologists and fostering grass-roots connections with NGOs all contribute to sustainability by helping to build local expertise and confidence

cost-effective works (spot improvements, etc). So the slower pace of linking has to be seen as relative to the capacity existing at the beginning of the project. Institutions vary in the degree of change they can accommodate at one time; the priority at the beginning of FRP was to gain competence in all these new areas of working practice.

- The above illustrates a difficulty in pacing such a project. For instance, did the project 'grow' at the optimum rate? In fact it seems that the FRP took account of national and local priorities. To have worked across sectors immediately on the above issues would have been to ignore questions of local capacity and inclination. It is only now that the District Administrations are being stretched with new planning and decentralising initiatives. The FRP has managed to move in tandem with this change. This is a really good point but what does it mean for intersectoral work? Should we add that it's rare that projects will be designed as SL from scratch?
- Conflicts within the project have centred on who has benefited most from the improvements to date. Whilst it has not necessarily been poor communities at distance from the roads, the research on barriers to access has now identified the issues to be addressed. A question remains about whether it would have been more cost effective to carry out this research earlier – possibly with a view to selecting specific feeder roads and associated activities.

### Wider lessons

- Improved projects can grow out of a sector but still remain sectorally based.
- The degree to which linkages are adopted, encouraged, and finally take place, at the level of local government and other institutions, depends upon local capacity at the beginning of the programme.
- It is important to have the right Goal, Purpose and OVs in the logframe and the flexibility to amend them and add interventions over time using a broad and intersectoral analysis of the current situation – i.e. to be able to use the logframe flexibly.

Original Logframe (July 1998)		Present Logframe (January 2000) <sup>1</sup>	
Narrative Summary	OVI	Narrative Summary	OVI
<p><b>Goal:</b> To improve the economic and social prosperity of Zambezia province.</p> <p><b>Purpose:</b> Sustainable improvement in access for rural population.</p> <p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>840 km of roads built to all weather standard.</li> <li>Seven viable locally based contracting firms established.</li> <li>Increased availability of cash in local economy.</li> <li>Road maintenance capability established in local population.</li> </ul>	<p>Increased economic and social activity.</p> <ul style="list-style-type: none"> <li>20 vehicles per day in year following construction on rebuilt roads; thereafter 25% increase in traffic p.a.</li> <li>20% increase in schools, clinics and shops in areas influenced by target roads.</li> </ul> <p>Completion of 56km by end year 1 Completion of 231 km by end year 2 Completion of 490km by end year 3 Completion of 749 km by end year 4 Completion of 840km by end year 4.5</p> <p>Contracting firms have sufficient equipment, money, skilled staff and business plan by end of project to remain viable.</p> <p>About 85,000 person-months of employment provided by end of project.</p> <p>Road satisfactorily maintained.</p>	<p><b>Goal:</b> To improve the economic and social prosperity of Zambezia province.</p> <p><b>Purpose:</b> Sustainable improvement in access for rural population.</p> <p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>840 km of roads built to all weather standard <b>within project budget.</b></li> <li>Seven viable locally based contracting firms established.</li> <li>Increased availability of cash in local economy.</li> <li>Road maintenance capability established in local population.</li> <li><b>Improved land security for smallholders in communities surrounding feeder road rehabilitation.</b></li> </ul>	<p>Increased economic and social activity.</p> <ul style="list-style-type: none"> <li>Movement of persons and goods (motorised and non-motorised) increase by 25% p.a. based on flows in year following rehabilitation.</li> <li><b>20% increase in attendance at schools, clinics and markets in project areas by communities previously disadvantaged by poor access.</b></li> </ul> <p>Completion of 65km by end year 1 <b>within budget</b> Completion of 231km by end year 2 <b>within budget</b> Completion of 490km by end year 3 <b>within budget</b> Completion of 749km by end year 4 <b>within budget</b> Completion of 840km by end year 4.5 <b>within budget</b></p> <p>Contracting firms have sufficient equipment, money, skilled staff and business plan by end of project to remain viable.</p> <p>About 85,000 person – months of employment provided by end of project. <b>Percentage of women employed on project rises to around 20% by end of year 4.</b></p> <p>Roads satisfactorily maintained. <b>Institutional capacity within DEP to plan and supervise road/bridge maintenance in Zambezia and local contractor capacity to implement works is satisfactory.</b></p> <p><b>At least 20 community groups assisted to legalise their associations.</b> <b>20 associations apply for legal title to their land recognising land rights of women and men.</b></p>

<sup>1</sup> Changes in the present logframe are in blue bold



Which of the core concepts of the SLA does this project best illustrate?

- Core concept
- People centred ✓
- Holistic ✓
- Dynamic
- Building on strengths
- Macro-micro links
- Sustainability ✓

The AWF methodology focuses heavily on assessing livelihood impacts, and combines this with stakeholder analysis, financial analysis, and commercial analysis.

The SL framework was used at the beginning and end, but not in the actual field research.

Sustainable Livelihoods approaches may have much to offer in the monitoring and evaluation of projects, even for those not planned as SL projects. In this example, SL concepts were used to assess the impact on livelihoods of a wildlife enterprise project in East Africa.

In attempting to assess the effectiveness of wildlife enterprises as tools for conservation and development, the African Wildlife Foundation (AWF) commissioned researchers to develop a common methodology for assessing their 'economic and livelihood impacts.' The methodology was developed for use in half a dozen East African projects, but is also useful for demonstrating the importance and difficulties of livelihood impact analysis. The material in this example focuses on The Kipepeo Project, one of two enterprises described in a working paper on developing methodologies for livelihood impact assessment by Caroline Ashley and Karim Hussein of the Overseas Development Institute. The Kipepeo Project is a butterfly-farming enterprise in the Arabuko Sokoke Forest Conservation Project, near the Kenyan coast.

The rationale for a new methodology for impact assessment emerged from three perceived shortcomings of existing methods:

- In 'conservation and development' projects, local development is usually assessed in rather narrow terms of the generation of cash, increased production or jobs. Wider social issues and livelihoods concerns are often ignored.
- Projects are usually assessed in terms of how many of their outputs have been achieved; the intended and unintended consequences for people's livelihoods may not be revealed. Impact assessments should go beyond target beneficiaries to consider all stakeholders.
- Enterprises should be assessed both for their commercial viability and for their contribution to local incomes. The latter feeds into an assessment of impact on livelihoods. The former is quite different, though also necessary.

To address these, the AWF methodology focuses heavily on assessing livelihood impacts, and combines this with stakeholder analysis, financial analysis, and commercial analysis.

### Methodology

Livelihoods impact assessment was found to be the key to assessing the contribution of the enterprise as a means of achieving conservation and local development. Three themes were explored:

- people's livelihood strategies and priorities;
- the impacts of the project on livelihoods;
- how impacts varied according to stakeholder group.

The SL framework was used at the beginning and end, but not in the actual field research. It helped in identifying important questions such as:

- what are people's livelihood priorities, does the project address them and, if so, what is the impact of the project on people's livelihoods?
- how do policies, institutions and processes affect, or become influenced by, project activities?
- how do people's livelihood strategies affect their participation in project activities?

The framework also helped in analysing and structuring the mass of field data: for example, impacts on assets were considered, as were impacts on other activities.

In addition to reviewing existing literature, conducting interviews with individuals, conducting household surveys, reviewing financial records and observing people's daily activities, the review team developed a set of workshop activities called 'participatory assessment of livelihoods issues and impacts (PALI)'. PALI comprises a mix of PRA tools which are used to explore livelihood issues within a group setting.

### From financial to livelihood impacts; from the aggregate to the detail

An earlier assessment of the Kipepeo Project, conducted in 1997, relied on information gathered from household surveys. That review focused on earnings from butterfly farming, concluding that they were equivalent to 87 per cent of agricultural income for participating households. This was welcomed as a very positive impact.

However, the SL impact review conducted in 1998–99 produced a much more detailed picture and drew significantly different conclusions in two key ways:

- it analysed incomes per person and found substantial differences between earnings of the dozen or so large-scale producers, and the majority of small and medium-scale producers;
- it looked beyond the scale of earnings to their significance, other advantages and disadvantages of butterfly farming and the overall 'fit' with people's livelihoods.

#### *Livelihood 'fit' and impacts*

The significance of earnings to household security was assessed. For the dozen or so top earners, butterfly farming was a significant boost that could partially substitute for other work. But for the majority of participants, butterfly farming was a minor, though useful, coping strategy. The extra earnings enabled women and the members of poorer households to spend more on food, school fees and health than they would normally.

As a minor income-earner, it has both advantages and disadvantages. The fact that it could be done at home, that the work could be shared between family members, had a short harvest time and required very little investment all enhanced its fit with broader livelihood strategies. There were other positive impacts, too. Poor families had a greater chance to obtain credit by borrowing from group funds; people had increased access to external institutions and sources of funding and their status was raised in the eyes of outsiders.

The SL impact assessment also highlighted certain disadvantages which, although they may have been recognised by earlier studies, were perhaps glossed over or unexpressed. For example, diseases, pests and rejected pupae make the enterprise risky; the delay between sales and earnings can be too large; pupae must be marketed within two days and farmers are dependent on Group Representatives for supply of caterpillars and sale of pupae, which concentrates power in a few hands. Reviewers believed that factors such as these could explain why certain farmers participated and others chose not to. The approach gave them more confidence in suggesting interventions that might improve the impact of the project on a larger number of people.

### The larger goal

The holistic perspective adopted in livelihoods analysis resulted in a deeper understanding and greater insight into the factors affecting people's livelihoods choices. It enabled the reviewers to form more complex, but more realistic conclusions about the Project's likelihood of achieving its purpose of successfully marrying conservation and local sustainable development. They concluded that the development impact was small but nevertheless significant to families struggling to make ends meet in a very poor area. The limited development impacts in turn limited the conservation

A set of PRA-type tools for participatory assessment of livelihoods issues and impacts (PALI) were developed to explore livelihood issues within a group setting.

The SL impact assessment differed from previous analysis by focusing on the difference between large and small earnings, significance of earnings and overall fit with livelihoods.

Identifying disadvantages for poor people's livelihoods helped explain why some do not participate – and what could be done about this.

impacts. Livelihood contributions were too small to directly change the costs and benefits of forest conservation for a substantial number of users. It did not provide sufficient financial incentives to prevent more destructive forest uses. But indirectly, the project still had a significant impact on conservation, by influencing attitudes within a heated debate on degazettement. People outside the area perceived that several villages were benefiting from the gazetted forest; this altered their perceptions and attitudes towards degazettement in the area. The analysis concluded that the development and conservation objectives of the project were causing it to operate at a loss, but could justify a top-up from donors to reach break-even point.

Clearly, reviewers using other approaches to analysis would similarly have appreciated that farmers cannot be lumped together as one homogeneous group and would have identified a range of strengths and weaknesses; SLAs however, suggest a methodology and structure with which to probe the complexity of livelihood strategies.

### What were the weaknesses of a SL approach?

The conclusions of the reviewers of the Kipepeo Project centred on the difficulties in obtaining, analysing, quantifying and comparing data from SL analyses. It is possible, they suggest, that SL analyses result in a "mass of grey 'pros and cons'" rather than clear conclusions. Because of the participatory methods demanded by a livelihoods focus, results are unlikely to be comparable and replicable.

The SL framework itself was found to be incomplete. Although aspects of empowerment are found in, for example, social or human capital and their ability to exert pressures on structures and processes, empowerment issues are at risk of becoming lost during livelihoods analyses.

The handbook that documents the methodology is too large and complex to be readily adopted by staff in AWF and its partners. The methodology has been more use in promoting a SL approach to conservation and development, and providing a menu of tools, than as a step-by-step guide.

### Practical implications

Livelihoods analyses demand employment of a range of analytical tools and methods. This, in turn, requires more time and an experienced team of analysts who are able to adapt tools and methods to suit the needs of the moment. Overall, the exercise is likely to cost more than conventional impact assessments.

Because of the volume of data generated by analysing a range of livelihood components and activities, there is a risk of the results being too complex for use by policy makers. Skilful synthesis is required.

### What was the added value of a SL approach?

Researchers found that an SL approach to impact assessment provided them with:

- a more realistic, comprehensive and people-centred picture of the Project's positive and negative impacts on the livelihoods of its participants;
- a deeper insight into why some people participated in the project and others did not;
- an opportunity to develop ideas on how to reshape the Project to improve on its successes and reduce its negative impacts.

SL analysis can result in a mass of grey pros and cons rather than clear conclusions.

Livelihoods impact analysis requires substantial time, experience at adaptation methods and most importantly skill in synthesizing findings and interpreting implications.

The authors of the working paper felt that the methodology 'highlighted the importance of focusing on livelihood priorities within development and conservation projects.' More specifically, they stress its importance in helping to move away from narrow project evaluation criteria and its usefulness in determining whether a project intervention demonstrates a true or close fit with livelihoods.

Which of the core concepts of the SLA does this project best illustrate?

- Core concept
- People centred ✓
- Holistic
- Dynamic
- Building on strengths ✓
- Macro-micro links ✓
- Sustainability ✓

The Indian 'watershed-plus' projects are good examples of how the scope of a project broadens when the focus shifts from resources to people.

### The design of the Andhra Pradesh Rural Livelihoods Project

Shifting the focus of development efforts from resources and products to people and their livelihood outcomes lies at the heart of the sustainable livelihoods approach. This 'people-centredness' reflects the thinking of development practitioners world-wide over the past two decades. In the case of DFID support to Indian watershed programmes, this shift has changed the way in which watershed development is perceived and implemented in at least two Indian States. This is a brief account of how the Andhra Pradesh Rural Livelihoods Project (APRLP) has managed to draw on both the SL approach and Government of India watershed programme guidelines to make watershed development more people-centred.

The major differences are that APRLP:

- does not confine itself to land-based development issues. In adopting a livelihoods perspective, the project positively encourages the flexibility required for local people to prioritise interventions. Activities may include viable non-agrarian activities;
- positively builds upon, and strengthens, existing self-help initiatives, such as the State-wide women's self-help movement, in order to develop novel non-land-based livelihood interventions;
- emphasises the importance of capacity building of primary and secondary stakeholders – even those outside DFID-funded watersheds – in conferring greater control of the development process and providing funding for this;
- addresses macro-level constraints, such as the land-based development focus of the programme and associated bias in budgetary provision, through advocacy for pro-poor approaches and policy changes. Strengthening the sectoral policy environment in Andhra Pradesh was recognised during the project appraisal stage as essential if rural development programmes were to be made more effective;
- has been flexible enough to satisfy both GoAP's and DFID's pro-poor focus, conferring a greater potential for sustainability on the project.



All pictures © Charles Batchelor

*Social, economic and political factors all help to determine how these farmers can benefit from their local cattle market*

The present form of the APRLP owes its existence to two strands of development thinking that ran in parallel: watershed development and sustainable livelihoods approaches.

### The genesis of watershed development in India

India looked to watershed development in the 1970s as a way of redressing the degradation of the natural resource base and of increasing land productivity. Two decades later, it became apparent that technical and physical works alone would not lead to the desired objectives, and watershed development must also take into account the social, financial and institutional aspects of rural development. The Government of India accepted that technical and organisational know-how was inadequately adapted to local circumstances;

this and the delivery of conflicting approaches to watershed development were seen to be preventing the realisation of the full benefits of watershed work.

In 1994, the Ministry of Rural Development (MoRD) of the GoI produced a set of Guidelines for implementing its watershed programmes which aimed to tackle these concerns. This progressive policy was essentially people-centred. It incorporated good practice from NGO and government policy, such as awareness raising, bottom-up planning, partnerships with NGOs, and community participation.

The 1990s also witnessed the development of ideas on sustainable livelihoods approaches. These grew from an awareness that rural development approaches based purely on agricultural production were insufficient to meet the livelihood needs of the poor. Agricultural land and livestock frequently generate only a portion of rural livelihoods, they are *not* primarily agrarian or land-based. Other forms of income generation, perhaps derived from migration, part-time trade or handicraft production, may make a large contribution to an individual's or a household's livelihood. Thus if one takes a livelihoods approach, *people* displace *natural resources* as the focus of development efforts. One thinks, for example, about people's objectives, their scope and *their* priorities for development. This is challenging for land-based development projects, such as the watershed development programme. Instead of considering land and/or water and its potential for development, attention is given instead to people and their rights and obligations to the various resources (which may or may not be land-based) by which they construct livelihoods.

### Birth of the watershed-plus concept

In 1997, a catalyst brought these two strands together, in the form of a request to DFID from the then Secretary of the MoRD (at that time called the Ministry of Rural Areas and Employment) for support in reviewing the impact of the GoI Watershed Guidelines. Following a comparison of pre- and post-Guideline watersheds in Andhra Pradesh, Orissa and Madhya Pradesh, a national-level workshop in 1998 was convened to discuss the findings and further revisions to the Guidelines. Soon after, the government of Andhra Pradesh (GoAP) suggested collaboration with DFID on an innovative watershed-based project in Andhra Pradesh.

The term 'watershed-plus' emerged in 1998 to describe 'new-look' watershed projects that would step beyond their usual remit in order to address the needs of marginalised groups of people, such as those with no land, women and the poorest of the community. This was to be achieved through activities not normally associated with watershed development projects, such as improved water management, minor irrigation works, the provision of drinking water and sanitation, forestry and interventions to address the specific needs of the poorest, including provision of credit, collection and processing of non-timber forest products, aquaculture and crafts.

The GoAP drafted the concept note for the Andhra Pradesh Rural Livelihoods Project, and a series of workshops involving a wide range of stakeholders followed soon after. The final design includes four interdependent components whose main thrusts are:

- **Watershed and watershed-plus sustainable rural livelihoods initiatives.** This will finance soil and water conservation works that have been prioritised in the community microplans of 500 watersheds;
- **Capacity building for primary and secondary stakeholders.** GoAP is currently constrained by limited institutional capacity – both within and outside its departments – to rapidly scale up the State-level watershed programme. This component seeks to build capacity within communities, GoAP and NGOs in 2500 watersheds across the five districts covered by the Project;

The livelihoods approach had a head start in that key people in the Government of India were already seeking innovative ways of making its watershed development programme focus more on the needs of poor people.

- **Innovation to enhance the impact of watershed work.** Both MoRD and GoAP are keen to identify issues that might inform revisions of the Watershed Guidelines. This component will pilot innovative approaches to enhancing overall impact, ensuring equitable benefit sharing and improving sustainability in 50 watersheds;
- **Lesson learning and policy influence.** The appraisal phase of APRLP prioritised the need to strengthen the sectoral policy environment in AP in order to enhance the effectiveness of rural development programmes. This component seeks to support a think tank for the Department for Rural Development. The unit is to analyse key policy areas which impact on the poorest of the communities supported by APRLP.

### Is it accurate to call APRLP a livelihoods project?

The short answer is 'probably not'. It is fair, however, to say that APRLP has a very different outlook compared to that of a conventional participatory watershed management project. The project has built in components aimed at addressing issues of equity, it supports the development and funding of non-land-based activities, and it seeks to tackle policy constraints identified by local people as obstacles preventing them from realising their livelihood objectives. The focus on building human and social capital through capacity building and support for group formation and development would also set it apart from earlier watershed development projects.

There are serious concerns, however, that the worthy aim of being 'people-centred' might be subverted by the weight of past practices. Turton asks: "is watershed-plus just a convenient way of catering to the needs of the poor rather than placing them as central actors in the development process?" Indeed, as once consultant observed during the design of a similar watershed-plus project in Orissa, should we not be calling it 'plus-watershed' if we really mean to prioritise the poor and their livelihoods?'



*SL approaches focus on people*

A second concern is the scope of the project. Should a true livelihoods project be more daring in the issues it is willing to tackle? The design team was tempted to suggest many such areas of concern to the very poor. There was discussion, for example, on providing water and sanitation schemes, literacy and numeracy classes, crèches and business development.



*Groundnut is still the predominant rainfed crop in this semi-arid area of Andhra Pradesh, and women remain the mainstay of agricultural enterprise*

Two things ensured that APRLP did not cast its net too wide: first, the mandate of the partner Department. The Department of Rural Development in Andhra Pradesh, like its sister departments in other States, has a broad but defined remit. It is not responsible for maintaining sanitation programmes, for example. Secondly, planners were well aware of the problems of the integrated Rural Development Programmes that had attempted to engage on many fronts and to manufacture co-ordination and co-operation between vertical administrative structures.

It was therefore accepted that the 'plus' parts, the activities to specifically address the livelihood needs of the very poor, would be defined only after village-level (participatory) planning is complete. There may be a need to provide literacy classes, but if so, the challenge would be to engage at the local level with the relevant Government or NGO programme to facilitate their establishment.

## Other challenges

Perhaps the most serious challenge for APRLP is to keep itself focused on poor people and their livelihoods, given the scale of the budget and its potential for 'stealing centre-stage'. Land-development projects can often spend large amounts of money quickly on infrastructure (bunds, water tanks, irrigation, and so on). They are attractive to politicians seeking to demonstrate the good they have brought to their constituencies, because the constructions are literally something to show for the money spent. In contrast, participatory development projects take longer to get off the ground, spend more slowly and their impact is often less visible. So the pressure to focus on the 'land development' aspects at the cost of the participatory process is great. The pressure to spend project money – and both the GoAP and DFID seek to meet spending targets – is already being felt by the project. This distracts from the need for careful people-centred planning.

## The role of serendipity

In retrospect, it can be seen that APRLP's design relied on certain prerequisites:

- The main actors in watershed development were aware that the existing programme was failing to reach the most marginalised sectors of the community. GoAP officials were already actively seeking potential partners to fund innovative approaches that were beyond the remit of centrally



sponsored schemes. The essential factor in the design of APRLP was the presence of innovative thinkers in both the GoAP and NGOs who were seeking ways of reaching the poorest and bringing a 'professional' approach to the Programme by harnessing additional resources for the development of capacity.

- The Watershed Guidelines were under revision; the door was open to those interested in experimenting with new ways of reaching the poorest and using the results to influence the revision process. The funding of a broad range 'watershed-plus/non-land-based activities, training and capacity building' were of particular interest.
- From DFID's perspective, APRLP offered an ideal opportunity to enter into an innovative partnership with GoAP on pro-poor approaches, an interest that was stressed in DFID's new Country Strategy Paper of 1998–9. The development of DFID's sustainable livelihoods approach in 1997–8 provided the opportunity for advisers from different disciplines to think more broadly about rural development.

The flexibility demanded by the livelihoods approach precludes any possibility of creating the 'textbook' livelihoods project.

Flexibility, both on the part of the partner, but equally on the part of the donor, is essential. Whilst APRLP may not fit SL theory as neatly as donors may desire, it is important to acknowledge that the 'textbook example of an SL project' does not exist; to attempt such a project would lose the spirit of SL, which prizes flexibility. In the case of APRLP, the importance to partners in the GoAP of calling it a 'livelihoods project' should not be underestimated. There was a clear intention of highlighting the Project as different and of selling it as such; this remains as the project moves into implementation. The name, and more importantly the approach, have been useful tools with which GoAP has been able to lobby other prospective bilateral and multilateral donors to take a different approach that would offer space for innovation.

### Wider implications of adopting a livelihoods approach

Experience has shown the futility of pursuing a donor-driven 'development agenda'; donors need to listen more to their partners and explore the scope for harmonisation with their development targets; this is perhaps the most pragmatic aspect of SLAs. Without a common understanding of the development context and the desire on the part of partner governments as well as donors to try a new approach, attempting new ways of working is futile and bound to fail. If the objective of the project, the reason for calling it a 'livelihoods project', is widely understood, there is some hope of that project achieving sustainability in approach. This may take some time to develop, but without such shared understanding the approach is seen as a donor's agenda and will cease when the donor goes. APRLP is perhaps atypical in that it is an example of a partner government's agenda that happens to fit in with DFID's present direction and can therefore gain DFID's support. Despite vulnerability to changes in government and NGO personnel in Andhra Pradesh, there is every possibility that the initiatives beginning now will continue once DFID leaves. The challenge is for the project to really make a difference to poor people's lives, because so much about sustainability depends on keeping the 'haves' happy and, for those in powerful positions to feel that their power is enhanced. It is a fine balance. What a donor offers at the moment is the safety net, which innovative people in government and NGOs can rely on when attempting to press for change; funds for innovation, someone to provide monitoring and evaluation support to keep things on track are examples. In the case of APRLP, this was the 'professional approach' that was sought. Partnership is about being available when you are needed, something that donors are not always able to readily judge.

If the objective of the project – the reason for calling it a 'livelihoods project' – is widely understood, there is some hope of that project achieving sustainability in approach.

<sup>1</sup> *Madhu Sarin, personal communication*

Which of the core concepts of the SLA does this project best illustrate?

- Core concept
- People centred ✓
- Holistic ✓
- Dynamic
- Building on strengths
- Macro-micro links ✓
- Sustainability

The Decentralisation of Livestock Services in the Eastern Regions of Indonesia, known as DELIVERI, aims to provide better livestock services to poor farmers in four pilot areas, primarily through reforming the Government of Indonesia's Directorate General of Livestock Services (DGLS) and its provincial and district divisions.

Although the project design predates the emergence of DFID's Sustainable Livelihoods Approach (SLA), it does touch on two fundamental elements of the approach: the value of focusing on people rather than on resources, and the critical importance of ensuring that policies are based on sound understanding of ground-level realities.

### Background

DELIVERI is an institutional reform project. The project seeks to make livestock services more client-focused by piloting new approaches to service delivery and using the results to influence policy and regulatory changes. The project's vision is to transform the government livestock department such that it views poor farmers as its clients, and its role as joining forces with private-sector agents to respond to clients' needs.

Earlier partnerships between DFID and the DGLS had recognised that the greatest constraints to livestock development were no longer of a technical nature but were due to institutional weaknesses, including:

- poor contact between farmers and government livestock officers;
- over-centralised control of livestock services and the inaccessibility of reliable information to decision makers;
- adaptation of Government of Indonesia's extension agents – over two decades – to support green revolution technologies. Since the latter were feasible only for wealthier farmers, the government services eventually became 'blind' to resource-poor farmers.

The project was to pilot new ways of addressing these constraints. Successes would be well documented, the pilots would serve as 'living demonstrations' and the information would be used to press for changes to make government livestock services, and other livestock-related institutions, more responsive to the needs of a newly prioritised client sector, i.e. poor farmers.

### Ensuring that policies and institutions are founded on ground truth

Poor contact between resource-poor farmers and the Government's livestock services resulted in policies that failed to address the problems people were facing. This recognition is itself something that might have resulted from livelihoods analyses, had DELIVERI been conceived as a SL project. The disconnection between policies and institutions governing the supply of livestock services and the constraints that people were facing, touches one of the core concepts of SL approaches; the attempt to bridge the gap between macro-level policies and institutions to the livelihood options of communities and individuals.

The problem, as identified by the project, can be broken down into the following:

- Policies were based on outdated information about 'who' the farmers were, and the constraints that they faced, concerning livestock management;
- Government extension agents were not in a position to set matters right as they, too, had a poor rapport with poor farmers. Even if rapports were better, the institutions were designed to deliver central mandates rather than respond to farmers.

An overarching approach was that potential solutions would be piloted and successful results used to lobby for policy change. Piloted approaches to tackle the shortcomings listed above were:

- **Community-led participatory planning.** Government field staff were trained in participatory approaches and eventually became adept enough to generate an understanding about livelihoods that was new to them. Field staff grew to appreciate the disparity between the 'new' needs they were identifying and the services the government had on offer – this, in turn, led them to challenge their previously held assumptions as to why farmers had been opting out of government programmes. Secondly, the mismatch between what the government was providing and its now deeper understanding of farmers' livelihood options led to the redesign of a range of services specifically targeted at improving those options.

So far, the project has resulted in some changes at central level. For example, DGLS directors have planned and budgeted for the replication in non-project provinces of some of the successful pilot approaches. As a direct result of the improved rapport that resulted from the participatory planning exercises, field workers were able to increase farmers' access to information and services such as private vets, paravets and private inseminators.

Policy makers built on their greater understanding to change the 'rules of the game', the institutions mentioned earlier, which became more responsive. These changes, though as yet informal, have resulted in some decentralisation of decision-making to provincial and district-level representatives of the DGLS. The organisation has begun to train paravets and more formal changes in legislation may well follow.



*Paravets learnt about livestock injections*

- **An integrated system of managing information.** Mechanisms for information dissemination are almost never absent in the project logframes, even if recognised only as a means of evaluating the project outputs. Rarely are they integrated into the day-to-day implementation of a project. DELIVERI, however, would seem to be an exception in that its design recognised the key role of information.

In some ways, the entire project could be seen as an information and communication exercise; the pilots being worthless unless the lessons they demonstrated could be captured and put to work. Furthermore, a prerequisite of any organisation becoming responsive to its clients is the establishment of information pathways so that issues important to clients, or those in regular contact with clients, can be voiced clearly at senior levels of the organisation, in this case, the Government of Indonesia.

For most of the project's life, a full-time communications and media specialist worked on information. But the information itself was largely provided by those implementing the project's various elements, notably the farmers and the field workers. They not only had to regularly confront important issues, but it was the perspective of the poor farmers, as the clients of the government services, that was of paramount importance.

The project was in the privileged position of being able to by-pass the organisation and take information straight to the top. Useful as this was, it could never hope to establish the information channels that were needed. For this to happen, cultural norms had to be relaxed, and two



*The project prioritised training in participatory techniques*

approaches were brought into play. The first was the use of fun, participatory training which drew on staff from all levels to give informal and enjoyable fora. The second was feeding back the results of other project initiatives to show the benefit of two-way information flows.

The unsurprising lesson from the project's efforts to improve and focus the flows of information was that, where people had faith that the information they produced would be well received, and somebody would respond to it, they would gather good quality information and articulate it well. When people felt their voices would be ignored, or they were afraid to speak, the information was often poorly considered, or chosen so as to reduce offence.

### What was 'SL' about the DELIVERI project?

'Green revolution' thinking, had emphasised the importance of modern inputs and building technical knowledge and influenced the institutions prevalent within the Government's livestock services. DELIVERI's new approach recognised that government livestock services needed to have a much deeper and more current understanding of *who* they were supposed to be serving and the factors that might influence how livestock farmers managed their animals. For example, one critically important realisation that emerged from a more **people-centred** approach was that resource-poor farmers were not in a position to help themselves as they had no access to reliable information and, even if they had, the institutions were used to dealing with large-scale farming rather than with the very different priorities of resource-poor farmers.

The gaping distance between extension agents and the people they were ostensibly serving is a common finding in many types of projects. DELIVERI's acknowledgement of the potential of this problem to make or break the project, and its commitment to finding new ways of tackling it, is less common. This common problem cuts across three important elements of the sustainable livelihoods approach: its **people-centredness**, its **holism** and its emphasis on the importance of **macro-micro links**.



*Newsletters kept stakeholder abreast of innovations*

The pilot projects showed the value of training extension agents in participatory approaches. This new way of working, focusing on people's livelihoods rather than their resources (in this case livestock) produced immediate results. Based on a greatly improved understanding of the constraints under which resource-poor farmers work, field workers were able to increase farmers' access to information and services. Although formal policies remain the same, practice has already begun to change; for example, provincial and district level representatives of the DGLS have assumed more control over local budgets and administration of services. Thus, a better picture of **micro-level** issues is resulting in changed practice at a **macro level**. It is probable that formal changes in legislation to allow greater decentralisation of the livestock services may well follow.

Finally, the emphasis of the project on greater access for all to high quality information helped to achieve closer links between the various stakeholders of the project and to sustain them throughout the lifetime of the project. The establishment, or rehabilitation, of pathways of communication from field level to the centre, maintained the links between policy makers and field workers and field workers and clients. It also helped to reinforce the sense of ownership of the process, begun in the participatory planning events carried out by field workers. Improved communication between the various stakeholders helped to bind the project together and to some extent achieve the holistic appreciation of the many factors and influences acting upon resource-poor farmers, and the ways in which stakeholders of a project influence one another.

### Does DELIVERI offer any 'lessons' about putting SL approaches into practice?

Although DELIVERI predates the package of tools and theory that now comprise sustainable livelihoods approaches, there are some important observations concerning SL approaches and their implementation.

**Choosing an appropriate entry point.** Unlike a newly designed project or programme beginning today, DELIVERI could not rely on the holistic analysis of poverty that is encouraged by SL approaches; rather the choice of livestock sector as an entry point grew out of the campaigning efforts of a few key government officials and DFID officers who had been brought together earlier by an Animal Health Project. As their understanding developed of how the delivery of livestock services constrained people's livelihoods, the idea of a project that set out to influence the way the government responds to small farmers grew increasingly attractive. A formal holistic analysis may have pointed to other interventions, perhaps in other sectors but, at the same time, it is not clear that the Government of Indonesia would have agreed to it.

This focus on livelihood options elicited from the participatory planning process has important implications for adopting an SL approach. Given that DELIVERI operates within the livestock sector (DGLS), how holistic could the government field workers afford to be while facilitating discussions with farmers on constraints to their livelihoods? In one of the villages involved in the participatory planning example referred to above, farmers identified the following issues:

- lack of irrigation, which limited dry-season productivity;
- the threat to crops by wild pigs;
- the poor nutrition of large ruminants due to land being assigned to crop production at the expense of grazing;
- inaccessibility of the village due to lack of motorable roads.

Could the project justifiably take up such issues, even though they are beyond the remit of government livestock services? And, if it did not, would the project not be failing in its promotion of holistic analysis and flexible planning? The project concluded that it should retain its focus on livestock and, in so doing, support the development of farmers groups that could then take up such issues themselves. The participatory planning training and exercise then becomes a vehicle for social organisation and a longer-term lever for change. There is some evidence for this trend already. As the project completes its final phase, the cross-sectoral District Planning Board continues to develop the institutions pioneered by DELIVERI within its own organisation, under GTZ funding.

REFERENCE

GLOSSARY

**Asset Pentagon**

The Asset Pentagon is an important component in the SL Framework. It is a visual representation of information about people's livelihood assets. It brings to life important inter-relationships between the various assets.

**Asset Status**

This refers to an individual's or group's access to livelihood assets. A change in Asset Status may involve an increase or decrease in access to livelihood assets or a change in the composition of the livelihood assets to which there is access.

**Barriers to Entry**

Refers to the obstacles facing potential newcomers to a market. Typical obstacles include: the high level of skills and/or investment required to enter the market, bureaucratic/regulatory obstacles, cultural/social obstacles, action taken by established firms to discourage new-entrants etc.

**Capital**

In the sustainable livelihoods framework it is best understood with reference to the following five categories: human capital, natural capital, financial capital, social capital, and physical capital. These are also known as livelihood assets. Outside the sustainable livelihoods framework the term Capital is used in a variety of ways. In economics it is commonly defined as being one of three factors of production, the other two being labour and land.

**Core Principles of Livelihood Analysis**

The Core Principles of Livelihoods Analysis are as follows:

- Effort should be devoted to identifying and understanding the livelihood circumstances of **marginalised** and excluded groups.
- Analysis should take into account important **social divides** that make a difference to people's livelihoods. For example, it is often appropriate to consider men, women, different age groups, etc. separately. It is not sufficient to take the household as the sole unit of analysis.
- The SL approach seeks to build upon **people's strengths** and resourcefulness. When conducting analysis it is important to avoid thinking only about need.
- The SL approach embraces the idea of **dynamism**. Avoid taking one-off snap shots and instead think about change over time, including concerns about sustainability.
- There will never be a set recipe for which method to use under which circumstances. **Flexibility** is key. Equally, it is not necessary to produce one definitive 'map' of livelihoods. Different 'maps' may be appropriately used for different purposes.

The Core Principles of Livelihood Analysis should not be confused with the core principles of the sustainable livelihoods approach which are much broader.

**Core Principles of The Sustainable Livelihoods Approach**

These are that 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 differences between groups of people and works with them in a way that fits in with their current livelihood strategies, social environment and ability to adapt.
- **Responsive and participatory**: poor people 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 local-level activity informs the development of policy and an effective enabling environment, and that higher-level policies and institutions 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 recognise the dynamic nature of livelihood strategies, respond flexibly to changes in people's situation, and develop longer-term commitments.

The Core Principles of the Sustainable Livelihoods Approach should not be confused with the core principles of livelihood analysis which relate more specifically to the activities involved in investigating livelihoods.

**Cross-Sectoral Links**

The connections between different sectors, such as agriculture, health, infrastructure, etc, particularly, the way in which livelihoods span these sectors.

**Economic Appraisal/Analysis**

Economic analysis is an essential tool in project and programme appraisal. It involves the techniques of cost-benefit analysis which compares the total costs of the project/programme to the total stream of benefits flowing to society. It assesses whether the returns are sufficient to justify investing funds. It may also include financial appraisal which assesses the financial viability of the project/programme from the perspective of specific participants (e.g.

whether the returns for individuals and businesses are sufficient incentive for their participation).

Macro-economic analysis provides insights into the impact of current macro policy on the livelihoods of different groups and the possible effects of proposed policy changes.

### Economic Shocks

see Shocks.

### Economic Sustainability

It is usually associated with the ability to maintain a given level of income and expenditure over time. It can be defined in relation to expenditure by individuals, households, projects, programmes, government departments, countries etc. Maintaining a given level of expenditure, necessarily requires that the income/revenue which supports that expenditure should also be sustainable over time. In the context of the livelihoods of the poor, economic sustainability is achieved if a minimum level of economic welfare can be achieved and sustained. Economic sustainability is one of a number of dimensions of sustainability that also include environmental sustainability, institutional sustainability and social sustainability.

### Empowerment

Occurs where people take greater control over the decisions, assets and Policy, Institutions and Processes that affect their livelihoods.

### Entry Point

An Entry Point refers to the area or activity in which intervention efforts are initially directed. Examples include: capacity building, support to micro-credit, investment in infrastructure, a watershed programme, efforts to change policy etc.

### Environmental Checklists

One of a number of tools that can be useful in SL Analysis. Environmental checklists contain recommended issues and factors to ask about to gain a better understanding of the relationship between the livelihoods of the poor and their environment.

### Environmental Sustainability

Achieved when the productivity of life-supporting natural resources is conserved or enhanced for use by future generations. By productivity we mean its ability to produce a wide range of environmental services, such as the supply of food and water, flood protection, waste management etc. Environmental sustainability is one of a number of dimensions of sustainability that also include, institutional sustainability, economic sustainability and social sustainability.

### External Environment

A very general term that refers to the environment outside a person's immediate influence. Within the SL framework trends, shocks, and

seasonality are part of the External Environment. Many policies, institutions and processes (PIPs) may also be treated as part of the external environment, although people may have more influence over some of these than over trends, shocks and seasonality.

### External Shocks

Shocks emanating from the external environment.

### External Support

Support provided from outside, e.g. government support for a village community, or donor support for a government department etc.

### Extractive

Usually refers to approaches that involve the extraction of information from the proposed beneficiaries of a development intervention – the implication being that 'outsiders' then decide on how best to use that information. Contrasts with more participatory approaches in which the proposed beneficiaries have greater control over what information is important and how it should be used.

### Financial Capital

Financial Capital is a category of livelihood assets. Within the SL framework, it is defined as the financial resources that people use to achieve their livelihood objectives. These resources include:

- **Available stocks:** Savings are the preferred type of financial capital because they do not have liabilities attached and usually do not entail reliance on others. They can be held in several forms: cash, bank deposits or liquid assets such as livestock and jewellery. Financial resources can also be obtained through credit-providing institutions in which case liabilities are attached.
- **Regular inflows of money:** Excluding earned income, the most common types of inflows are pensions, or other transfers from the state, and remittances. In order to make a positive contribution to financial capital these inflows must be reliable – while complete reliability can never be guaranteed there is a difference between a one-off payment and a regular transfer on the basis of which people can plan investments.

It should be noted that this definition is different from a strict economic definition of financial capital as it includes flows as well as stocks. (Economists would look only at stocks).

### Governance

The form and quality of government systems – structure, power, effectiveness, efficiency, rights and representation. Key governance concerns include:

- Is political power exercised fairly? If not, who is disadvantaged?
- How efficient and accessible are local service providers?



- Are government organisations honest, efficient, effective and accessible?
- Are basic human rights protected and enforced through the rule of law?
- Are property rights clear and enforceable?
- Do all have equal access to the formal justice and legal system?
- Do informal/traditional justice systems discriminate against certain groups?
- Accountability.
- Decentralisation.

### Human Capital

Human Capital is a category of livelihood assets. It represents the skills, knowledge, capacity to work, and good health that together enable people to pursue different livelihood strategies and achieve their livelihood outcomes. At a household level human capital is a factor of the amount and quality of labour available. This varies according to household size, skill levels, education, leadership potential, health status, etc. Human capital is necessary to be able to make use of the other four types of livelihood assets.

### Inflation-Indexed Assets

Assets that hold their value in times of high inflation (e.g. land and housing).

### Institutional

Relating to institutions.

### Institutional Appraisal

The analysis of institutions, particularly institutions that are influential in any given context: their role, degree of influence, how they function and how they inter-relate. This is important for understanding key influences on local livelihoods. It is often done by and with local people – through participatory methods – to establish their perceptions of institutional roles. This can also be called ‘institutional appraisal’ or ‘institutional mapping’.

The term can also apply to analysis of a single institution: its strengths, weaknesses, leadership, internal structures etc, with a view to institutional strengthening.

### Institutional Sustainability

Achieved when institutions, structures and processes have the capacity to continue to perform their functions over the long term. One of a number of dimensions of sustainability that also include economic sustainability, environmental sustainability and social sustainability.

### Institutions

One of the components of Policy, Institutions and Processes (PIPs). The term ‘Institutions’ can be used in a number of different ways.

In the SL framework it covers two important elements:

- (a) organisations or agencies that operate within both the public and private sector; and
- (b) the mechanisms, rules and customs by which people and organisations interact with each other (i.e. the “rules of the game”).

Examples of (a) include: the district department of health; the department of agriculture; the local branch of an NGO; DFID; a religious organisation such as a church or mosque; a workers union; a village committee; an informal organisation based around kinship, such as a clan.

Examples of (b) include: the rules for deciding membership of a village committee; the conditions of membership in a co-operative; the norms which shape local customs, lending, cultural events; the contract between a company and its workers; the laws governing the way companies do business with each other; the codes and rules of an organisation or bureaucracy; the allocation of responsibilities in the policymaking process; the rules for enacting legislation; the mechanisms by which legislation is implemented at national and local levels; the procedures for voting in a new government; the rules governing the financing of a water users association; the mechanisms for facilitating good governance and accountability in the public sector; the chain of command within the government health service; religious ceremonies; marriage rules, laws and customs governing land tenure and rights to access for other assets.

You should be aware that there is some controversy about the definition of institutions. You will come across situations in which organisations, (a), are excluded from the definition, with the definition being restricted to that provided by (b). However, in a number of domains organisations are often referred to as ‘institutions’ (e.g. financial institutions, charitable institutions etc).

### International Development Targets

Refers to a variety of targets agreed by the United Nations at a Special session of the General Assembly in July 2000 – especially the one calling for a halving of the proportion of people living in extreme poverty by 2015.

### Iterative Process

A process involving the continual refinement of goals and objectives as new knowledge and questions generated by investigation and analysis feed back into the investigative cycle. See also Process Approach.

### Key Informants

Individuals who are approached for their views on particular issues, such as those relating to livelihoods. Useful for acquiring information quickly as well as for investigating sensitive issues.

Key informants are chosen for their particular knowledge (e.g. as a teacher, nurse, poor farmer etc). Care should be taken not to interpret their information as representative of a wider sample.

### Livelihood (s)

One could describe a livelihood as a combination of the resources used and the activities undertaken in order to live. The resources might consist of individual skills and abilities (human capital), land, savings and equipment (natural, financial and physical capital, respectively) and formal support groups or informal networks that assist in the activities being undertaken (social capital).

### Livelihood Assets

A key component in the SL framework, they are the assets on which livelihoods are built, and can be divided into five core categories (or types of capital). These are: human capital, natural capital, financial capital, social capital, and physical capital.

People's choice of livelihood strategies, as well as the degree of influence they have over policy, institutions and processes, depends partly upon the nature and mix of the assets they have available to them (see Livelihoods Asset Pentagon). Some combination of them is required by people to achieve positive livelihood outcomes – that is, to improve their quality of life significantly on a sustainable basis.

No single category of assets on its own is sufficient to achieve this, but not all assets may be required in equal measure. It is important to note that a single asset can generate multiple benefits. For example, if someone has secure access to land (natural capital) they may also be able to get better access to financial capital, as they can use the land both for productive uses and as security for a loan.

### Livelihood Components

Refers to the different elements of the SL Framework.

### Livelihood Goals

The objectives pursued by people through their livelihood strategies. Closely related to livelihood outcomes.

### Livelihood Outcomes

Livelihood Outcomes are the achievements – the results – of livelihood strategies. Outcome categories can be examined in relation to the following categories:

- more income
- increased well-being
- reduced vulnerability
- improved food security
- more sustainable use of the natural resource base
- social relations and status

- dignity and (self)respect

The term 'outcome' is used – as opposed to 'objectives' – to focus attention on two key issues. These are:

- **Sustainability:** DFID is concerned with promoting a particular type of livelihood – sustainable livelihoods. Problems can occur because people very often have objectives that lead them to 'unsustainable livelihoods'. The word 'outcome' is used to indicate that DFID is not concerned entirely with people's own objectives but also with the sustainability objective.
- **Orientation to achievement:** The word 'outcomes' helps focus attention on results and the progress that is made towards poverty elimination rather than thinking only about what people are trying to achieve.

### Livelihood Strategies

The term used to denote the range and combination of activities and choices that people make in order to achieve their livelihood goals. Livelihood Strategies include: how people combine their income generating activities; the way in which they use their assets; which assets they chose to invest in; and how they manage to preserve existing assets and income. Strategies may reflect underlying priorities, such as to diversify risk.

Livelihood Strategies are diverse at every level. For example, members of a household may live and work in different places, engaging in various activities, either temporarily or permanently. Individuals themselves may rely on a range of different income-generating activities at the same time, and are likely to be pursuing a variety of goals.

### Livelihoods Analysis

see SL Analysis.

### Livelihoods Asset Pentagon

see Asset Pentagon.

### Livelihoods Review

A Livelihoods Review is an exercise targeted at an existing project or programme with the aim of understanding both how well the project/programme is doing in meeting stated objectives and its impact on the broader livelihoods of various stakeholder groups. The review adopts a sustainable livelihoods approach and can be used in any existing project/programme, even if it was not originally designed using an SL approach. It can help bring a new perspective to the project/programme and provides an opportunity to stand back and explore how the project/programme is affecting the livelihoods of the poor, and to see how positive impacts can be enhanced.

**Logical Framework (log frame)**

A tool that is commonly used to design, manage and evaluate projects and programmes. A Logical Framework (log frame) defines what an intervention will do, what it will deliver, the impact it is expected to achieve, and the contribution of that impact to higher-level objectives (such as poverty elimination). It mentions all the indicators that will be used to monitor progress and outlines how information on indicators will be collected. It also outlines how the external environment is expected to shape project impact.

**Macro Policy**

Macro Policy is policy which affects the whole country. It is concerned with monetary, fiscal, trade and exchange rate conditions as well as with economic growth, inflation and national employment levels. It is distinct from micro policy which only affects particular sectors, districts, neighbourhoods or groups.

**Micro Policy**

Micro Policy is policy which only affects particular sectors, districts, communities, villages, neighbourhoods or groups. It is distinct from macro policy which affects the whole country.

You will sometimes find reference to 'meso' level policy which overlaps somewhat with definitions of micro policy. Meso is the level between micro and macro, or between service delivery and policy-making, and is the level that often is needed to link the two. In government terms it could be District, Provincial or Regional authorities and services. Local councils and regional authorities would be included here. Other organisations, such as federated, regional farmers' associations are also at the meso level. It can be difficult to define the cut-off point between micro and meso, and perhaps for this reason meso can get ignored (the 'missing middle' of policies, institutions and processes').

**Natural Capital**

Natural Capital is a category of livelihood assets. It is the term used for the natural resource stocks (e.g. trees, land, clean air, coastal resources) upon which people rely. The benefits of these stocks are both direct and indirect. For example, land and trees provide direct benefits by contributing to income and people's sense of well-being. The indirect benefits that they provide include nutrient cycling and protection from erosion and storms.

**Natural Shocks**

see Shocks.

**Objectively Verifiable Indicators**

Refers to measurable indicators that will demonstrate whether or not objectives specified in the Logical Framework have been met. Used in monitoring and evaluation.

**Outputs**

Typically used in relation to the Outputs of a project or programme and linked to measurable indicators of project/programme impact, such as agricultural yields, number of visits by health workers, area of land brought under irrigation, number of teachers trained, legislation revised, trade agreements implemented etc. Outputs are an important element in the Logical Framework.

**Participation**

Occurs when decision making and development activities are participatory.

**Participatory**

The quality of an approach to development and/or government in which the underlying principle is that the key stakeholders (and especially the proposed beneficiaries) of a policy or intervention are closely involved in the process of identifying problems and priorities and have considerable control over the related activities of analysis, planning and the implementation of solutions. To facilitate this approach there are a variety of participatory methods or techniques that can be used.

**Participatory Activities**

see participatory.

**Participatory Development**

see participatory.

**Participatory Methods**

These are methods that are used to encourage people's participation in the processes of identifying/analysing livelihood opportunities and problems, setting priorities and planning, implementing solutions, and monitoring and evaluating changes and impacts. They are very important for understanding livelihoods and are designed so as to promote learning and empower people in their dealings with external agencies and institutions.

There are several visualisation tools for group discussions which enable a large number of people, including illiterate people, to contribute views and see the results. These include timelines, seasonal calendars, transect walks, resource maps, preference ranking, matrix ranking, wealth ranking, and venn diagrams. These are often called 'rapid appraisal' or 'participatory rural appraisal' Depending on how they are used, they may only promote participation in information gathering (if the information is used by outsiders), or they may be used as tools for participatory decision-making. Both uses have a role. Either way, the methods can be used within an SL approach to investigate a wide range of factors in a relatively open-ended way, such as:

- income and wealth distribution within a community or neighbourhood;

- the historical, social and environmental context of livelihoods;
- trends, forces of change, influence of policies;
- pros and cons of different livelihood strategies, reasons behind people's choices, what they wish to see being done by local authorities, etc.

### Participatory Poverty Assessments

Used to understand poverty from the perspective local people. PPAs make flexible use of a wide range of participatory methods.

### Participatory Principles

see participatory.

### Partners

see Partnerships.

### Partnerships

Refers, in the SL Approach, to Partnerships in the development process. The SL approach stresses the importance of partnerships at all levels including:

- Partnerships with poor people;
- Partnerships with both public sector and private sector implementing agencies and stakeholders in developing countries – the SL approach explicitly recognises the important role that the private sector plays in development;
- Partnerships between different departments within DFID;
- Partnerships with other donors;
- Partnerships with research organisations.

It is hoped that the dialogue around the development and implementation of the SL approach will provide the basis for deeper and more meaningful development partnerships. Such partnerships will only be possible if care is taken to ensure that the approach builds on the accumulated experience of all partners and is not imposed on any partner.

### People-centred approach

An approach that involves a focus on people, i.e.

- what matters to people;
- what distinguishes one group of people from another group;
- working with people in a way that fits in with their current livelihood strategies, social environment and ability to adapt.

One of the core principles of the sustainable livelihoods approach is that it should be people-centred.

### Physical Capital

Physical Capital is a category of livelihood assets. It comprises the basic infrastructure and physical goods that support livelihoods. Infrastructure consists of changes to the physical environment that

help people to meet their basic needs and to be more productive.

Key components of infrastructure include: affordable transport systems, water supply and sanitation (of adequate quantity and quality), energy (that is both clean and affordable), good communications and access to information. Shelter (of adequate quality and durability) is considered by some to be infrastructure, while others would consider it to be a private physical asset and somewhat different from infrastructure.

Other components of physical capital include productive capital that enhances income (e.g. bicycles, rickshaws, sewing machines, agricultural equipment), household goods and utensils and personal consumption items such as radios and refrigerators. Most of these are owned by individuals or groups. Some, such as larger agricultural equipment or processing units, can be accessed through rental or by paying a fee for the services used.

### Policy

One of the components of Policy, Institutions and Processes (PIPs), Policy can be thought of as a course or principle of action designed to achieve particular goals or targets. These tend to be broader and less specific than those of the programmes and projects used to implement Policy. The idea of policy is usually associated with government bodies, but other types of organisation also make policies – for example a local NGO's policy about who is eligible for its programmes.

Policy can be divided into macro policy – affecting the whole country – or micro policy – affecting particular sectors, districts, neighbourhoods or groups. Also meso policy. It can also be strategic – designed to create a long-term framework for action – or quite short-term and temporary.

### Policy, Institutions and Processes (PIPs)

A key component in the Sustainable Livelihoods Framework combines Policies, Institutions and Processes (PIPs) because the three are closely inter-related contextual factors that have a great effect on all aspects of livelihoods.

The PIPs dimension of the SL framework comprises the social and institutional context within which individuals and families construct and adapt their livelihoods. As such it embraces quite a complex range of issues associated with power, authority, governance, laws, policies, public service delivery, social relations – gender, caste, ethnicity –, institutions – laws, markets, land tenure arrangements – and organisations – NGOs, government agencies, private sector.

This component was referred to as 'transforming structures and processes' in earlier versions of the framework, and may be titled differently by others. This emphasised, in addition to the desirability of institutional and organisation change, the need for development agencies to transform the institutional context of livelihoods.

The common theme is that it relates to the bigger picture and the complex array of political and institutional factors affecting livelihoods. It is different from the vulnerability context because policies, institutions and processes are not 'given' but are continually shaped by people – although the direct influence exerted by the poor is often limited. They effectively determine:

- access (to various types of capital, to livelihood strategies and to decision-making bodies and sources of influence);
- the returns to different types of capital, and to any given livelihood strategy.

### Process Approach

An approach to interventions in which broad objectives for change may be identified and agreed but the exact means by which these objectives will be achieved may, at the outset, be unknown and unknowable. Such interventions are approached in an exploratory mode. Implementation takes place in successive, defined, iterative stages with future activities being planned in the light of results gained as implementation proceeds.

### Processes

One of the components of Policy, Institutions and Processes (PIPs). 'Processes' attempts to capture the dynamic element of policies and institutions and avoid a 'snapshot' approach. It refers to how things are done rather than what is done. It also refers to the ways policies and institutions change and/or interact with broader processes of change. Change may happen as a result of policies or due to other factors such as:

- the nature of authority and decision-making structures;
- the form and quality of government systems (governance);
- the extent and nature of public participation in policy and other processes;
- the effect of this participation;
- other factors behind change (for example, external shocks that form part of the vulnerability context).

### Programme

A programme is a set of activities designed to achieve a specific purpose. The term may describe a mix of projects, training and capacity building, budgetary support and policy dialogue. A programme may focus on a region – such as southern Africa –, a country, or an area within a country. It may be multi-sectoral or focus on a single sector.

### Project

A project is a discrete funding package, comprising an activity or set of activities that can contribute to – but not necessarily achieve on its own – a particular development objective.

### Project Scope

The range of activities and issues addressed by a project.

### Remittances

Money that is sent home by family/household members living and working away from home.

### Sample Surveys

This is a tool for investigating the characteristics of a particular population – the population may be one of households, individuals, farms, villages, animals or any other unit of study. To facilitate the investigation a sample of the population is surveyed and studied. Usually, though not always, the sample is selected at random to increase the chances of it being representative of the whole population.

### Seasonality

Seasonality is a key element in the vulnerability context. It refers to seasonal changes, such as those affecting: assets, activities, prices, production, health, employment opportunities etc. Vulnerability arising from seasonality is often due to seasonal changes in the value and productivity of natural capital and human capital (through sickness, hunger etc). The poor are often more vulnerable to these changes than wealthier groups.

### Sector Programmes

Programmes that focus on specific sectors such as health, education, agriculture, infrastructure, transport etc. Sector programming is an increasingly popular approach with donors, as a way to help partner governments with their work across a sector, rather than in specific projects. Donors' sector programmes usually include budgetary support for on-going government activities.

### Sectoral

Relating to specific sectors such as health, education, agriculture, infrastructure, transport etc.

### Sector-Wide Approaches

The prioritisation of sector programming as a key intervention used by international development agencies.

### Shocks

Shocks are a key element in the vulnerability context. They are usually sudden events that have a significant impact – usually negative – on livelihoods. They are irregular and vary in intensity and include events such as natural disasters, civil conflict, losing one's job, a collapse in crop prices for farmers etc. They can be classified into the following categories:

- Human shocks (e.g. illness, accidents);
- Natural shocks (e.g. floods, earthquakes);

- Economic shocks (e.g. job losses, sudden price changes);
- Conflict (e.g. war, violent disputes);
- Crop/livestock health shocks.

Shocks and trends may be linked. For example some changes that appear as trends at a national or even regional level (such as increased infection rate for diseases such as AIDS and malaria) can impact upon a household or individual as severe shocks (i.e. death in the family).

### SL Analysis

The analysis of livelihoods using the core principles of livelihood analysis.

### SL Approach

See Sustainable Livelihoods Approach.

### SL Framework

see Sustainable Livelihoods Framework.

### Social Analysis/Appraisal

Investigation of social structures and relations. In the SL Approach it is used to provide information on the relevant characteristics of poverty, vulnerability and social exclusion. It can help to understand:

- the social positioning of individuals or families (distinguished by kinship, age, gender, ethnicity, religion, caste, etc.);
- which social characteristics (e.g. standard of living or extent of poverty, gender, age, ethnicity) are important in defining groups for more detailed livelihoods analysis;
- what the dimensions and effects of exclusion of various groups are (e.g. lack of access to assets, to services, to household or community-level social institutions, or lack of voice);
- the existence and cause of conflicts within communities;
- power and authority as manifested by traditional authority (e.g. village chiefs, community leaders) and the authority of the state and its agencies;
- non-market, social institutions such as customary tenure, common property;
- the way policy, institutions and processes affect different social groups.

### Social Capital

Social Capital is a category of livelihood assets. It relates to the formal and informal social relationships (or social resources) from which various opportunities and benefits can be drawn by people in their pursuit of livelihoods. These social resources are developed through investment in:

- interactions (through work or shared interests) that increase people's ability to work together;

- membership of more formal groups in which relationships are governed by accepted rules and norms;
- relationships of trust that facilitate co-operation, reduce transactions costs and sometimes help in the development of informal safety nets amongst the poor.

Critical benefits of social capital are access to information, to influence or power, and to claims or obligation for support from others.

### Social Resources

see Social Capital.

### Social Sustainability

An initiative is socially sustainable if it rests on a particular set of social relations and institutions, which can be maintained or adapted over time. One of a number of dimensions of sustainability that also include economic sustainability, institutional sustainability and environmental sustainability.

### Stakeholder Analysis

Stakeholder analysis involves

- a) identifying key stakeholders in relation to any initiative: i.e. groups who have a similar interest (or 'stake'), and which differs in some way from others' interest
- b) analysing the perspective of the key stakeholder groups: their role, views, needs, etc. and their relationship with other stakeholder groups.

Stakeholder analysis can help to reveal, for example:

- the capacities of different stakeholders to participate in (and benefit from) development activity as well as their perspectives on that activity,
- the relative political power, access to information and institutional means to command attention (including blocking change) of different groups,
- the complexity of organisational relationships,
- the area and sources of power and patronage,
- who depends upon which environmental resources and services and how they are affected by change,
- gaps and overlaps in the roles and functions of different stakeholder groups.

### Stakeholders

People who are affected in some way or another by an activity. Can be divided into primary stakeholders and secondary stakeholders:

- Primary stakeholders are those who are directly affected by an activity, as beneficiaries, losers or implementing agencies or those with a direct influence the activity. N.B. to be a primary

stakeholder you do not have to benefit from an activity, you simply have to be closely involved with it. So, for example, in an urban slum renewal project, primary stakeholders might include slum dwellers, slum landlords and partner implementing agencies, though it is only the slum dwellers who will actually benefit from the project. It is usually necessary to sub-divide primary stakeholders into several smaller stakeholder groups.

- Secondary stakeholders are indirectly affected by an activity. For example, traders may benefit from a new road that is built to connect a remote community to the capital city or from the increased productivity that results from a technology project.

See also Stakeholder Analysis.

### Structured Checklists

A list of questions that an interviewer will seek answers to in the course of an interview. Interviews involving structured checklists tend to be less formal and more open-ended than those conducted by an enumerator using a questionnaire.

### Sustainable / Sustainability

Something is sustainable when it can continue into the future, coping with and recovering from stresses and shocks, while not undermining the resources on which it draws for existence. These resources may be natural, social, economic or institutional, which is why sustainability is often analysed in four dimensions: economic sustainability, environmental sustainability, institutional sustainability and social sustainability. Sustainability does not imply that there is no change, but that there is an ability to adapt over time. Sustainability is one of the core principles of the sustainable livelihoods approach.

### Sustainable Livelihoods

A livelihood is sustainable when it is capable of continuously maintaining or enhancing the current standard of living without undermining the natural resource base. For this to happen it should be able to overcome and recover from stresses and shocks (e.g. natural disasters or economic upsets).

### Sustainable Livelihoods Approach

An approach to development in which people's livelihoods are the focus of attention and which adopts the core principles of the sustainable livelihoods approach.

### Sustainable Livelihoods Framework

DFID's sustainable livelihoods (SL) framework is its version of a visualisation tool that has been developed to help understand livelihoods. It is intended to help users think through the different aspects of livelihoods, and particularly those factors that cause problems or create opportunities. Other organisations have developed similar SL frameworks that compliment DFID's.

The SL framework can be divided into five key components: the Vulnerability Context, Livelihood Assets, Policy, Institutions and Processes, Livelihood Strategies and Livelihood Outcomes.

The SL framework gives an impression of how these factors relate to each other. Indeed the links between them (arrows in the framework) are also critical, reflecting how people convert assets to activities, or how policies, institutions and process affect the key components.

The framework aims to stimulate debate and reflection, which should result in more effective poverty reduction. The framework does not attempt to provide an exact representation of reality. It is a simplification and it should be adapted for use in any given circumstance. Real livelihoods are complex and varied, and can only be properly understood through direct experience.

### Sustainable Livelihoods Guidance Sheets

The more detailed guide to DFID's Sustainable Livelihoods approach on which these distance learning materials are based.

### Transactions Costs

The costs associated with making, monitoring and enforcing agreements/transactions/contracts etc. The agreements may be formal or informal and transaction costs may be incurred before and after an agreement is made. A large proportion of the costs are associated with acquiring information about the nature of an agreement (e.g. the quality of goods or services being transacted) and the reliability of other parties to the agreement. Transaction costs are incurred gaining information or commitments in order to reduce risks of loss in a transaction.

### Trends

Trends are a key element in the vulnerability context. They can have either a positive or a negative effect on livelihoods and involve changes that take place over a longer period of time than is the case with changes brought about by shocks or seasonality. Examples of trends include the following:

- Population trends (e.g. increasing population pressure);
- Resource trends (e.g. soil erosion, deforestation);
- Economic trends (e.g. declining commodity prices, development of new markets);
- Trends in governance/politics (e.g. increasing accountability);
- Technological trends (e.g. the development of more efficient production techniques).

### Triangulation

Seeking confirmation or better understanding of a subject or question by getting information from a variety of independent sources (e.g. soliciting the views and opinions of a diverse range of individuals, or using different methods to gain information on the same topic).

**Venn Diagrams**

Diagrams of circular (often overlapping) areas used to represent relationships. They are a useful means of showing the links between different types of groups, in a clear, graphic format. They can also be used to summarise the roles that different groups play and what people's expectations are about how these groups will function. One of a number of different participatory methods.

**Vulnerability**

see Vulnerability Context.

**Vulnerability Context**

A key component in the SL framework, the Vulnerability Context refers to the shocks, trends and seasonality that affect people's livelihoods – often, but not always, negatively. The key feature of all the factors within the Vulnerability Context is that they are not controllable by local people in the immediate or medium-term. Vulnerability or livelihood insecurity resulting from these factors is a constant reality for many poor people.

**White Paper**

A report produced by the British Government setting out its proposals for, and providing information on, a particular policy issue, such as international development. The goals and directions of the British Government's policy on international development are laid down in the 1997 White Paper on International Development. This is now built upon in the 2000 White Paper II.



REFERENCE

KEY LITERATURE AND WEBSITES

**Assets**

- Bebbington, A. (1999) 'Capitals and capabilities: A framework for analysing peasant viability, rural livelihoods and poverty'. *World Development*. Vol.27, No.12, pp.2021–44.
- Hanmer, L. (1998) 'Human capital, targeting and social safety nets: An analysis of household data from Zimbabwe'. *Oxford Development Studies*. Vol.26, No.2, pp.245–65.
- Moser, C. (1998) 'The asset vulnerability framework: Reassessing urban poverty reduction strategies'. *World Development*. Vol.26, No.1, pp.1–19.
- Reardon, T. & S. Vosti (1995) 'Links between rural poverty and the environment in developing countries: Asset categories and investment poverty'. *World Devt.* Vol.23, No.9, pp.1495–1506.

**Biodiversity**

- Hawthorne, W.D. (1996) 'Holes and sums of parts in Ghanaian forest: Regeneration, scale and sustainable use'. *Proceedings of the Royal Society of Edinburgh*. 104B. pp.75–176.
- Koziell, I. (2001) *Diversity not adversity: Sustainable livelihoods with biodiversity*. London: IIED.
- UNEP (1995) *Global biodiversity assessment*. Cambridge: UNEP.

**Economic analysis**

- Agenor, P-R. & P.J. Montiel (1999) *Development macroeconomics* (2<sup>nd</sup> ed.). New Jersey: Princeton University Press.
- Ellis, F. (1992) *Agricultural policies in developing countries*. Cambridge: CUP.
- Harriss, J., J. Hunter & C. Lewis (1995) *The new institutional economics and third world development*. London: Routledge.
- Kanbur, R. & N. Lustig (1999) 'Why is inequality back on the agenda?' 1999 World Bank Conference on Devt. Economics.
- Upton, M. (1996) *The economics of tropical farming systems*. Cambridge: CUP.

**Energy**

- Start, D. et al. (1999) 'Sustainable rural livelihoods: What contribution can energy services make?' Presentation to DFID IUDD. June 1999. (Available through [www.itcltd.com/publications.htm](http://www.itcltd.com/publications.htm))

**Environmental assessment and management**

- Atkinson, A., et al. (eds). (1999) *The challenge of environmental management in urban areas*. Abingdon: Ashgate Publishing.
- DFID (1999) *Environmental guide*. London: DFID.
- DFID (1996) *Manual of environmental appraisal*. London: DFID.
- European Commission (1993) *Sectoral environmental assessment sourcebook*. Brussels: EC (Directorate General for Development).
- World Bank (1995 – with updates) *Environmental assessment sourcebook*. Washington, D.C.: World Bank.

- World Bank (1997) *Expanding the measure of wealth: Indicators of environmentally sustainable development*. Washington, D.C.: World Bank (Environment Department).

*Useful websites on environmental issues*  
[www-esd.worldbank.org/](http://www-esd.worldbank.org/)

**Financial services for the poor**

- DFID (1999) 'Banking on the poor: DFID and micro-finance'. *DFID Issues Paper*. London: DFID (Enterprise Development Department).
- Hollis, A. & A. Sweetman (1998) 'Microcredit: What can we learn from the past?'. *World Development*. Vol.26, No.10, pp.1875–92.
- Hulme, D. & P. Mosley (1996) *Finance against poverty*. Vol. 1 & 2. London: Routledge.
- Johnson, S. & B. Rogaly (1997) *Microfinance and poverty reduction*. Oxford: Oxfam.
- Ledgerwood, J. (1999) *Microfinance handbook – An institutional and financial perspective*. Washington, D.C.: World Bank.
- Rogaly, B. & C. Roche (eds). (1998) 'Policy arena: Learning about learning on microfinance North and South'. *Journal of International Development*. Vol.10, No.6.
- Rutherford, S. (2000) *The poor and their money*. Delhi: OUP. (Available at [http://www.man.ac.uk/idpm/fdrp\\_wp3.htm](http://www.man.ac.uk/idpm/fdrp_wp3.htm))

*Useful websites on financial services*

- [www.cgap.org/](http://www.cgap.org/)  
[www.ids.ac.uk/eldis/fin/micro.htm](http://www.ids.ac.uk/eldis/fin/micro.htm)  
[www.microcreditsummit.org/](http://www.microcreditsummit.org/)  
[www.bellanet.org/partners/mfn/index.html](http://www.bellanet.org/partners/mfn/index.html)  
[www-esd.worldbank.org/html/esd/agr/sbp](http://www-esd.worldbank.org/html/esd/agr/sbp)  
[www.uncdf.org/](http://www.uncdf.org/)  
[www.gdrc.org/icm/](http://www.gdrc.org/icm/)  
[www.planetbank.org/en/index.htm](http://www.planetbank.org/en/index.htm)

**Gender**

- CIDA (1996) *Guide to gender sensitive indicators*. Ottawa: CIDA.
- CIDA (1996) *A project level handbook: The why and how of gender-sensitive indicators*. Ottawa: CIDA.
- Cummings, S., H. van Dam & M. Valk (eds). (1998) *Gender training: The sourcebook*. Amsterdam: KIT Press.
- DFID (2000) *Poverty eradication and the empowerment of women*. London: DFID. (Available at [http://www.dfid.gov.uk/public/what/pdf/tsp\\_gender.pdf](http://www.dfid.gov.uk/public/what/pdf/tsp_gender.pdf))
- March, C., I. Smyth & M. Mukhopadhyay (1999) *A guide to gender analysis frameworks*. Oxford: Oxfam.
- OECD (1998) *DAC sourcebook on concepts and approaches linked to gender equality*. Paris: OECD. (Available at [www.oecd.org/dac](http://www.oecd.org/dac))

Sweetman, C. (ed). (1998) *Gender and migration*. Oxford: Oxfam.  
Walters, B. (1998) *Integrating gender analysis into macroeconomic theory*. Paris: OECD.

#### Useful websites on gender

[www.un.org/womenwatch](http://www.un.org/womenwatch)  
[www.worldbank.org/gender/](http://www.worldbank.org/gender/)  
[www.cgiar.org:80/ifpri/themes/mp17/gender/gender.htm](http://www.cgiar.org:80/ifpri/themes/mp17/gender/gender.htm)  
[www.eurosur.org/wide/porteng.htm](http://www.eurosur.org/wide/porteng.htm)  
[www.focusintl.com/widnet.htm](http://www.focusintl.com/widnet.htm)  
DFID gender mainstreaming resource (GEM) on DFID intranet

### Livelihood strategies and diversification

Adams, R. & J. He (1995) 'Sources of income inequality and poverty in rural Pakistan'. *Research Report No.102*. Washington, D.C.: IFPRI.

Dercon, S. & P. Krishnan (1996) 'Income portfolios in rural Ethiopia and Tanzania: Choices and constraints'. *Journal of Development Studies*. Vol.32, No.6, pp.850–75.

Ellis, F. (1998) 'Household strategies and rural livelihood diversification'. *Journal of Development Studies*. Vol.35, No.1, pp.1–38.

Leones, J. & S. Feldman (1998) 'Nonfarm activity and rural household income: Evidence from Philippine microdata'. *Economic Development and Cultural Change*. Vol.46, No.4, pp.789–806.

Reardon, T. (1997) 'Using evidence of household income diversification to inform study of the rural nonfarm labour market in Africa'. *World Development*. Vol.25, No.5, pp.735–47.

### Logical frameworks

Farrington, J. & J. Nelson (1997) 'Using log frames to monitor and review farmer participatory research'. *Agricultural Research and Extension Network No.73*. London: ODI.

Team Technologies (1994) *Teams and project design: TeamUP workbook*. Washington, D.C.: Team Technologies Inc.

### Monitoring and evaluation

Abbott, J. & I. Guijt (1998) 'Changing views on change: Participatory approaches to monitoring the environment'. *SARL Discussion Paper No.2*. London: IIED.

Ashley, C. & K. Hussein (2000). 'Developing methodologies for livelihood impact assessment'. *Working Paper 129*. London: ODI.

Casely, D.J. & K. Kumar (1987) *Project monitoring and evaluation in agriculture*. Baltimore: Johns Hopkins University Press.

Guijt, I. (1998) 'Participatory monitoring and impact assessment of sustainable agriculture initiatives: An introduction to the key elements'. *SARL Discussion Paper No.1*. London: IIED.

Jenkins, G.P. (1999) 'Evaluation of stakeholder impacts in cost-benefit analysis'. *Impact assessment and project appraisal*. Vol.17, No.2, pp.87–96.

### Participatory enquiry

Chambers, R. & J. Blackburn (1996) 'The power of participation: PRA and policy'. *IDS Policy Brief*. Issue 7 (August). Brighton: IDS.

Hope, A. & S. Timmel (1995) *Training for transformation: A handbook for community workers*. Gweru, Zimbabwe: Mambo Press.

Mitlin, D. & J. Thomson (eds). (1994) *RRA notes 21: Special issue on participatory tools and methods in urban areas*. London: IIED.

Pretty, J., I. Guijt, J. Thompson & I. Scoones (1995) *Participatory learning and action: A trainers guide*. London: IIED.

Rennie, K. & N. Singh (1995) *Participatory research for sustainable livelihoods. A guidebook for field projects*. Winnipeg: IISD.

Slocum, R. et al. (1995) *Power, process and participation: Tools for change*. London: IT Publications.

Thomas, A. et al. (eds). (1998) *Finding out fast: Investigative skills for policy and development*. London: Sage/Open University.

### Participatory poverty assessments

Brocklesby, M.A. & J. Holland (1998) *Participatory poverty assessments and public services: Key messages from the poor*. London: DFID.

Hanmer, L., G. Pyatt & H. White (1997) *Poverty in sub-Saharan Africa: What can we learn from the World Bank's poverty assessments?* The Hague: Institute of Social Studies.

Holland, J. & J. Blackburn (1998) *Whose voice? Participatory research and policy change*. London: IT Publications.

Narayan, D. et al. (1999) *Can anyone hear us? Voices from 47 countries*. Washington, D.C.: World Bank. (Available at [www.worldbank.org/poverty/voices/reports.htm](http://www.worldbank.org/poverty/voices/reports.htm))

Robb, C. (1999) *Can the poor influence policy? PPAs in the developing world*. (Available at: [www.worldbank.org/html/extpb/canpoor/frntmat.pdf](http://www.worldbank.org/html/extpb/canpoor/frntmat.pdf))

### Policy, institutions and processes

Beckhart and Harris (1987) *Organisational transitions: managing complex changes*. Addison-Wesley.

Burki, S. & G. Perry (1991) *Beyond the Washington Consensus: Institutions matter*. Washington: World Bank

DFID Technical Notes:

No.10 – *Taking account of good government*.

No.14 – *Institutional development*.

DFID (2000) *Strategies for achieving the International Development Targets: Making Government work for Poor People*. London: DFID.

Greeley, M. & R. Jenkins (1999) *Poverty reduction processes and institutions*. DFID and Sida. (Available through IDS, Brighton.)

Grindle, M. & J. Thomas (1991) *Public choices and policy changes: the political economy of reform in developing countries*. Baltimore: John Hopkins University Press

## REFERENCE

## KEY LITERATURE AND WEBSITES

- Hobley, M. & D. Shield (2000) 'The reality of trying to transform structures and process: Forestry and rural livelihoods'. *Working Paper No 132*. London: ODI.
- Hyden, G. (1998) *Governance and sustainable livelihoods: challenges and opportunities*. Paper commissioned by UNDP. (Available at [www.undp.org/sl/Documents/documents.htm](http://www.undp.org/sl/Documents/documents.htm)).
- Hyden, G. (1998) *Governance for sustainable livelihoods: operational issues*. Paper commissioned by UNDP. (Available at [www.undp.org/sl/Documents/documents.htm](http://www.undp.org/sl/Documents/documents.htm)).
- Johnson, C. (1997) 'Rules, norms and the pursuit of sustainable livelihoods'. *IDS Working Paper No.52*. Brighton: IDS.
- Manor, J. (2000) 'Decentralisation and Sustainable Livelihoods' *PIP paper*. (Available at <http://www.livelihoods.org/pip/pip/dcintro.html>)
- Mehta, L. *et al.* (1999) 'Exploring understandings of institutions and uncertainty: New directions in natural resource management'. *IDS Discussion Paper No.372*. Brighton: IDS.
- Moore, M. & J. Putzel (1999) 'Thinking strategically about politics and poverty'. *IDS Working Paper No.99*. Brighton: IDS.
- North, D.C. (1991) *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press.
- Ostrom, E. (1990) *Governing the commons: the evolution of institutions for collective action*. Cambridge: Cambridge University Press.
- Rew, A. & A. Brustinov (1998) 'The resolution and validation of policy reform: illustrations from Indian forestry and Russian land privatisation'. In Mosse, D. *et al.* (eds), *Development as Process: concepts and methods for working with complexity*. London: Routledge.
- Robinson, M. & G. White (eds). (1998) *The democratic developmental state: Political and institutional design*. Oxford: OUP.
- Roe, E.M. (1998) *Policy Analysis and formulation for sustainable livelihoods*. (Available at [www.undp.org/sl/Documents/documents.htm](http://www.undp.org/sl/Documents/documents.htm))
- Schneider, H. (1999) *Participatory governance: The missing link for poverty reduction*. Paris: OECD.
- Shankland, A. (2000) 'Analysing Policy for Sustainable Livelihoods'. *IDS Research Report*. Brighton: IDS.
- Sutton, R (1999) 'The policy process'. *Working Paper No118*. London: ODI.
- Thomson, A. (2000) *Changing Policy-Making Processes*. Contribution to e-mail discussion group. (Available at [www.livelihoods.org/pip/discus2.html](http://www.livelihoods.org/pip/discus2.html))
- UNDP (1998) *Governance for SL: Operational issues and Policy analysis and formulation for sustainable livelihoods*. (Both available at [www.undp.org/sl/Documents/documents.htm](http://www.undp.org/sl/Documents/documents.htm))
- Watson, D. (2000) *Governance, Sustainable Livelihoods and PIP*. Contribution on governance to e-mail discussion group prior to PIP meeting. (Available at [www.livelihoods.org/pip/pip/discus3.html](http://www.livelihoods.org/pip/pip/discus3.html))
- Useful websites for policy and institutional issues*  
[www.oneworld.org/ecdpm/index.htm](http://www.oneworld.org/ecdpm/index.htm)  
[www.bham.ac.uk/IDD/](http://www.bham.ac.uk/IDD/)
- Qualitative and quantitative methods**
- Booth, D. *et al.* (1998) *Participation and combined methods in African poverty assessment: Renewing the agenda*. London: DFID.
- Carvalho, S. & H. White (1997) 'Combining the quantitative and qualitative approaches to poverty measurement and analysis'. *World Bank Technical Paper 366*. Washington, D.C.: World Bank.
- Marsland N. *et al.* (1998) *A methodological framework for combining quantitative and qualitative survey methods*. Chatham: NRI, University of Greenwich & Reading Statistical Services Centre.
- Rights based approaches**
- Ferguson, C. (1999) *Global social policy principles: Human rights and social justice*. London: DFID.
- Hausermann, J. (1998) *A human rights approach to development*. London: Rights and Humanity.
- Manji, F. (1998) *Development and rights*. Oxford: Oxfam.
- Moser, C. *et al.* (forthcoming 2001) *To claim our rights: livelihoods security, human rights and sustainable development*. London: ODI.
- ODI (1999) 'What can we do with a rights-based approach to development?' *Briefing Paper 1999(3)*. London: ODI.
- Risk and vulnerability**
- Blaikie, P., T. Cannon, I. Davis & B. Wisner (1994) *At risk: Natural hazards, people's vulnerability and disasters*. London: Routledge.
- Davies, S. (1996) *Adaptable livelihoods: Coping with food insecurity in the Malian Sahel*. London: Macmillan Press.
- Davies, S. & N. Hossain (1997) 'Livelihood adaptation, public action and civil society'. *IDS Working Paper No.57*. Brighton: IDS.
- Periperi Publications (1999) *Risk, sustainable development and disasters: Southern perspectives*. Cape Town: Periperi Publications, University of Cape Town.
- Useful websites on risk and vulnerability*  
[www.careinternational.org.uk/projects/projects.html](http://www.careinternational.org.uk/projects/projects.html)
- Rural-urban livelihoods / peri-urban**
- Evans, H.E. & P. Ngau (1991) 'Rural-urban relations, household income diversification and agricultural productivity'. *Development and Change*. Vol.22, pp.519-45.
- Rakodi, C. (1999) 'Poverty in the peri-urban interface'. *NRSP Research Advances No.5*. London: DFID.
- Tacoli, C. (1998) 'Rural-urban linkages and sustainable rural livelihoods'. In Carney, D. (ed). *Sustainable rural livelihoods: What contribution can we make?* London: DFID.

*Useful websites on peri-urban issues*

[www.ucl.ac.uk/DPU/pui/index.htm](http://www.ucl.ac.uk/DPU/pui/index.htm)

**Sector wide approaches**

Brown, A. *et al.* (2000) 'The status of sector wide approach' *Working Paper No. 142*. London: ODI.

Cassels, A. (1997) *A guide to sector wide approaches for health development*. Geneva: WHO / DANIDA / DFID / EC.

Elson, D. & B. Evers (1998) *Sector programme support and gender analysis*. Paris: OECD.

EC (forthcoming 2000) *EC guidelines for sustainable urban development*. Brussels: EC.

Foster, M. *et al.* (2000) 'The status of sector wide approaches: A framework paper'. Meeting of Like-minded Donor Working Group on SWAPs, Dublin. February, 2000. London: ODI.

Fozzard, A. (2001) 'The basic budgeting problem: approaches to resources allocation in the public sector and their implications for pro-poor budgeting'. *Working Paper No. 148*. London: ODI.

Harrold, P. *et al.* (1995) 'The broad sector approach to investment lending'. *Discussion Paper No.302*. Washington, D.C.: World Bank.

Jones, S. (1997) 'Sector investment programs in Africa'. *Technical Paper No.374*. Washington, D.C.: World Bank.

Norton, A. & B. Bird (1998) 'Social development: Issues in sector wide approaches'. *Working Paper No.1*. London: DFID (SDD).

**Stakeholder analysis**

Ashley, C. *et al.* (1999) *Handbook for assessing the economic and livelihood impacts of wildlife enterprises*. Nairobi: African Wildlife Foundation.

Burton, S. (1999) 'Evaluation of healthy city projects: Stakeholder analysis of two projects in Bangladesh'. *Environment and Urbanisation*. Vol.11, No.1, pp.41–52.

DFID (1995) *Guidance note on how to do stakeholder analysis of aid projects and programmes*. London: DFID.

Grimble, R.J. (1998) 'Stakeholder methodologies in natural resource management', *Socio-economic methodologies: Best practice guidelines*. Chatham: NRI.

MacArthur, J. (1997) 'Stakeholder roles and stakeholder analysis in project planning'. *Discussion Paper No.73*. Bradford: U. of Bradford.

Montgomery, R. (1996) 'Short guidance note on how to do stakeholder analysis of aid projects and programmes'. *Resources in Social Development Practice*. Vol.3. Swansea: CDS.

**Social analysis**

Barry, B. (1998) *Social exclusion, social isolation and the distribution of income*. London: London School of Economics.

World Bank (1997) *A resource kit for participation and social assessment: Participatory tools and techniques*. Washington, D.C.: World Bank.

**Social capital**

Grootaert, C. (1998) 'Social capital: The missing link?' *Social Capital Initiative Working Paper No.3*. Washington, D.C.: World Bank.

Harriss, J. (ed.). (1997) 'Policy arena: Missing link or analytically missing? The concept of social capital'. *Journal of International Development*, Vol. 9, No.7, pp.19–71.

Hulme, D. (1998) 'Protecting and strengthening social capital in order to produce desirable development outcomes'. *Social Development Theme Paper No.4*. London: DFID.

Marsland, N., A. Long, & A. Sutherland (1999) *Poverty coping strategies in Malawi*. Chatham: NRI.

Narayan, D. & L. Pritchett (1997) *Cents and sociability: Household income and social capital in rural Tanzania*. Washington, D.C.: World Bank.

Pretty, J. & H. Ward (1999) *Social capital and the environment*. Colchester: Centre for Environment and Society, Univ. of Essex.

*Useful websites on social capital*

[www.worldbank.org/poverty/scapital](http://www.worldbank.org/poverty/scapital)

**Strategic conflict assessment**

DFID (1999) *Strategic conflict and conflict impact assessment*. London: DFID.

OECD (1998) *DAC Guidelines on conflict, peace and development*. Paris: OECD.

Warner, M. (1999) *Managing conflict and building consensus in rural livelihoods: Strategies, principles, tools and training materials*. London: ODI.

Warner, M. & P. Jones (1998) 'Assessing the need to manage conflict in community-based natural resource projects'. *Natural Resource Perspectives No.35*. London: ODI.

**Strategic environmental assessment**

Donnelly, A., B. Dalal-Clayton & R. Hughes (1998) *Directory of impact assessment guidelines*. (2<sup>nd</sup> ed.). London: IIED.

Hughes, R. & B. Dalal-Clayton (1998) *Environmental assessment in developing countries*. London: IIED.

Sadler, B. & R. Verheem (1996) 'Environmental assessment of policies: Briefing papers on experience in selected countries'. *Publication No.54*. The Netherlands: VROM, Ministry of Environment.

Therivel, R. & M. Partidario (1996) *The practice of strategic environmental assessment*. London: Earthscan.

**Sustainability (see also environmental assessment)**

Goldman, A. (1995) 'Threats to sustainability in African agriculture: Searching for appropriate paradigms'. *Human Ecology*, Vol.23, No.3, pp.291–334.

Leach, M. & R. Mearns (eds). (1996) *The lie of the land: Challenging received wisdom on the African environment*. London: Heinemann/James Currey.

Reed, D. (1996) *Structural adjustment, the environment and sustainable development*. London: Earthscan.

### Sustainable livelihoods – general

Ashley, C. & D. Carney (1999) *Sustainable livelihoods: Lessons from early experience*. London: DFID.

Brock, K. (1999) 'Implementing a sustainable livelihoods framework for policy-directed research: Reflections from practice in Mali'. *IDS Working Paper No.90*. Brighton: IDS.

Carney, D. (ed). (1998) *Sustainable rural livelihoods: What contribution can we make?* London: DFID.

Carney, D. et al. (1999) *Livelihoods approaches compared*. London: DFID (Available at [www.livelihoods.org/info/docs/lacv3.pdf](http://www.livelihoods.org/info/docs/lacv3.pdf))

Carney, D. (1999) 'Approaches to sustainable livelihoods for the rural poor'. *ODI Poverty Briefing No.2*. London: ODI.

Chambers, R. & R. Conway (1992) 'Sustainable rural livelihoods: Practical concepts for the 21st century'. *IDS Discussion Paper No.296*. Brighton: IDS.

Farrington, J. et al. (1999) 'Sustainable livelihoods in practice: Early applications of concepts in rural areas'. *Natural Resource Perspectives No.42*. London: ODI.

Scoones, I. (1998) 'Sustainable rural livelihoods: A framework for analysis'. *IDS Working Paper No.72*. Brighton: IDS.

*Useful websites on general SL issues*

[www.undp.org/sl](http://www.undp.org/sl)

[www.livelihoods.org/](http://www.livelihoods.org/)

[iisd1.iisd.ca/communities.htm](http://iisd1.iisd.ca/communities.htm)

### Sustainable livelihoods – particular topics

Ashley, C. (2000) . 'Applying livelihood approaches to natural resource management initiatives: Experiences in Namibia and Kenya'. *Working Paper No.134*. London: ODI.

Ashley, C. (2000) 'The impacts of tourism on rural livelihoods: Namibia's experience'. *Working Paper No.128*. London: ODI.

Blowfield, M. et al. (1999) *Ethical trade and sustainable rural livelihoods*. Chatham: NRI.

Bryceson, D.F. (1999) 'Sub-Saharan Africa betwixt and between: Rural livelihood practices and policies'. *Working Paper No.43*. Leiden: Africa Studies Centre.

Ellis, F. (2000) *Rural livelihoods and diversity in developing countries*. Oxford: OUP .

McDowell, C. & A. De Haan (1997) 'Migration and sustainable livelihoods : A critical review of the literature'. *IDS Working Paper No.65*. Brighton: IDS.

Turton, C. (2000) 'Sustainable livelihoods and project design in India'. *Working Paper No127*. London: ODI.

### Transport

Transport Research Laboratory (1999) 'Livelihoods of poor people – What contribution can transport make?' Presentation to DFID, March 1999 (available through IUDD, DFID).

### Urban livelihoods

Beall, J. & N. Kanji (1999) 'Household, livelihoods and urban poverty'. Presented at the Conference on Urban Governance, Partnership and Poverty, University of Birmingham. August, 1999.

Meikle, S., T. Ramasut & J. Walker (1999) *Sustainable urban livelihoods: Concepts and implications for policy*. London: University College London (Development Planning Unit).

Tacoli, C. & D. Satterthwaite (1999) *Sustainable urban livelihoods: Lessons from the experience of some urban poverty reduction programmes*. Presented at DFID Sustainable Urban Livelihoods Workshop. November, 1999. London: IIED.

UNCHS (1996) *An urbanising world: Global report on human settlements*. Oxford: OUP.

### Water

DFID (1998) *Guidance manual on water supply and sanitation programmes*. London: HMSO.

Nicol, A. (ed). (1998) 'Water projects and livelihoods – Poverty impact in a drought-prone environment', *Workshop Report 18*. (Harare, October 1997) London: Save the Children (UK).

Nicol, A. (2000) 'Adopting a sustainable livelihoods approach to water projects: Policy and practice implications'. *Working Paper No.133*. London: ODI.

