

Sustainable Livelihoods Approaches: Progress and Possibilities for Change

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Foreword

In 1999 I wrote a Foreword for a review of DFID's early experience in adopting sustainable livelihoods approaches (Ashley and Carney 1999). Since then the commitment to a sustainable livelihoods approach in poverty reduction programmes has grown considerably. This publication attempts to sketch the progress made since 1999, highlight issues that have emerged and explore their implications for development agencies and practitioners.

In 1999, the task was considerably more straightforward: a new approach to development had been proposed and there was enormous demand for practical advice on how to implement it and for accounts of early experiences from pioneers in the field.

Previous reports therefore focused on a sustainable livelihoods approach whose scope and limits appeared to be sharply defined. Whilst the diversity witnessed here may seem to blur these boundaries it is, we believe, evidence of the degree to which people have internalised the principles of SL and made them their own. There is now almost universal commitment to the underlying principle of focusing development efforts on reducing poverty by empowering the poor to build on their opportunities. This paper pays particular attention to rights and power relations, the access of the poor to assets and how governance and institutions affect poor people's rights. These are profoundly important questions and further debate and experience will, I hope, continue to push the boundaries forward so that the poor of the world are increasingly empowered to take control of their own fate.

Clare Short, Secretary of State for International Development.

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Much of the material is drawn from the personal observations of SL 'users', rather than from published documents. Hopefully this means that the paper is truly up-to-date with new thinking. However, it also means that there are relatively few references in the text.

Note on the author

Diana Carney is a freelance consultant currently based in Toronto, Canada. She has been working with DFID on the development of sustainable livelihoods approaches since early 1998.

1 Summary

This paper aims to summarise current thinking from a variety of sources as part of a broad DFID-supported effort to share experience with and learning about Sustainable Livelihoods (SL). Within DFID active discussion of SL approaches began in 1998, building on the work of the Institute of Development Studies amongst others. In the four years that have elapsed since then SL has had a considerable impact upon both thinking and action in DFID and beyond.

We have now reached a point where both uses and users of SL are very diverse. This is reflected in the text which draws on a wide range of sources and presents a number of examples of how practitioners have interpreted and applied SL.

SL thinking – centred on people and their livelihoods – has informed discussions with partners at all scales, from the international to the very local. It has been incorporated into other development processes and has brought a valuable, people-centred perspective to policy discussions. It has also provided an effective structure for planning research. Most importantly, it has provided new insights into the livelihoods of the poor and emphasised the importance of working alongside poor people and supporting them in reducing poverty.

Implementing an SL approach is a difficult balancing act: for example, focusing on poor people's livelihoods must not be at the expense of awareness of the larger institutional picture, or responding to poor people's aspirations should not rob them of their autonomy. It is important to identify those areas in which SL could, with some adjustment, contribute more. These include: being clearer in its poverty reduction emphasis; reactivating the debate on how environmental sustainability can be married with poverty reduction; placing more focus on rights and power issues; and increasing the sophistication of users' analysis and understanding of economic and market issues. After all, most people's livelihoods take place primarily, if not wholly, in the private sector, albeit strongly influenced by public policy and government regulation.

This paper pays particular attention to the issue of rights and power relations, seeking ways to increase SL users' focus on these key developmental concerns. It summarises the debate about rights based approaches and SL and suggests how to maximise the contribution to poverty reduction of both sets of ideas. It looks at access to assets and how these relate to people's ability to demand their rights as well as how governance and institutional factors affect the 'supply' of rights.

The text also highlights an important concern about SL: namely that the valuable ideas that underpin it should not be discredited by unthinking, inadequate or formulaic application. Flexibility in using the approaches is desirable, but the overall level of critical thinking must remain high if SL is to continue to make a contribution to poverty reduction. To this end the learning and sharing of ideas that has so far characterised SL thinking should remain a priority, as should the strong emphasis on SL's core message of promoting people-centred development.

2 Introduction

Sustainable livelihoods (SL) approaches rose to prominence in DFID from 1998. The Natural Resources Advisers' Conference a year later offered participants the chance to share their early experience of using SL approaches. This was brought together in *Sustainable Livelihoods: Lessons from Early Experience* (Ashley and Carney 1999). Other organisations, notably CARE, Oxfam and UNDP, had already been exploring SL approaches and, in the late 1990s, had developed their own perspectives and methodologies. Since that time, the use of SL approaches has spread far beyond these few organisations and both uses and users of SL have become very diverse (Hussein 2002).

The conceptual understanding of poverty and its causes that underpins sustainable livelihoods approaches has influenced thinking and practice throughout the development world. It has reached personnel in development agencies and government departments in the North and South, as well as bureaucrats and politicians. For many of these people, whether engaged in field work or policy making, the word *livelihood* serves to anchor development thinking and practice in the day-to-day reality and aspirations of poor people.

There is no longer doubt that SL approaches can add value to efforts in reducing poverty. Attention and effort now centres on identifying where SL approaches are most effective, addressing the gaps in SL approaches and acknowledging and addressing the implications that SL approaches hold for institutional and organisational change.

SL approaches move beyond sectoral concerns to address livelihoods issues such as economic migration and HIV/AIDS, which cross sectoral and institutional boundaries. They challenge us to find ways of amplifying the voice of the poor. They demand longer timeframes, capable of meeting the demands of development initiatives that are flexible and dynamic enough to respond to poor people's needs. These issues challenge the way that development agencies are structured, the way they work and the skills that agency personnel require (Ashley and Carney 1999, the IDL Group 2001). SL thinking explicitly highlights this and stresses the need for external institutions to work in ways that reflect the reality of poor people's livelihoods.

This paper reflects on some of the more recent experiences of putting SL thinking into practice. Its aim is to present a clearer picture of how SL approaches can improve efforts to reduce poverty and of the implications of their adoption for development

professionals. This is a challenging task, as SL thinking and practice have moved swiftly in several directions and with considerable impact. Such flexibility in use pays tribute to the non-prescriptive nature of SL approaches and is reflected in the range of different 'demands' that users have voiced as SL approaches have developed.

The structure of the paper is as follows:

Part 3: SL approaches today: Revisiting the principles and framework

Part 4: Uses, value and concerns regarding SL

Part 5: Power, rights and broader institutional issues

Part 6: Concluding remarks

3 SL approaches today: Revisiting the principles and framework

SL thinking centres on the objectives, scope and priorities for development from the perspective of poor people. This ‘way of thinking’ requires a commitment to probe beyond technical issues, beyond the superficial political and institutional issues, to develop a realistic understanding of the livelihoods of poor people and how these can be improved. SL approaches employ existing as well as new instruments and tools which are used to analyse the dynamics of poverty.

The SL principles

DFID’s fundamental goal in adopting SL thinking is to reduce poverty, and to be as effective as possible in doing that. This goal is clearly stated in various DFID SL publications, and is implicit in the principles underpinning DFID’s SL approach (see Box 1).

Box 1: SL principles (as of 1999)

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

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

Taken from: Ashley and Carney 1999, p. 7

The principles, intended as a guide to poverty-focused development, encapsulate the essential aims of SL approaches. As more and more people from wide-ranging backgrounds have adopted SL thinking and practice, they have adapted the principles or suggested modifications to address what they perceive as shortcomings.

For example:

- Brazilian users have added principles covering: gender and power relations; the long-term nature of the approach (more explicit than the existing sustainability principle); and the core focus on poverty and inequality (Gail Marzetti, pers. com.)
- Researchers at Imperial College (Wye) have proposed increasing the emphasis on dynamic processes of livelihood change and placing more stress on wider processes of economic growth (including markets and the importance of demand).
- A round-table discussion between representatives of CARE, Khanya and DFID in South Africa called for new principles on empowerment and rights and responsibilities. Others support this request, especially in the context of the discussion about SL approaches and rights (see part 5).
- Researchers at the Overseas Development Institute have suggested seeking greater congruence between the SL principles and humanitarian principles (impartiality, independence and neutrality).¹
- Various commentators have proposed making explicit reference to the disaggregation of groups and of gender as a core concern.

These and other adaptations have arisen from three main types of concern. The first is that the principles lack a unifying purpose. The second relates to perceived omissions of essential components of SL analysis and the third to the perceived limits of SL approaches and their complementarity with other approaches (see 4.3 Concerns regards SL).

In addition, many feel that the principles would make more sense and be easier to operationalise if grouped or structured in some way. One option is to think of the principles as either normative or analytical/operational. **Normative** statements tell us what we should do. SL approaches are inherently normative: they state the importance of poverty reduction and espouse a view about how to achieve this (SL Guidance Sheet 2.6). **Analytical/operational** guidelines flow from the normative principles. Analytical statements relate to how we think about the issues and operational guidelines to what we do about these issues. Although these two can be separated, they are closely related and can be considered collectively as operational principles.

Users might therefore find it useful to consider the following normative principles:

- **People-centred:** sustainable poverty elimination requires respect for human freedom and choice. People – rather than the resources, facilities or services they use – are the priority concern. This may mean supporting resource management or good governance, for example, but the underlying motivation of supporting livelihoods should determine the shape and purpose of action.

- **Empowering**: change should result in amplified voice, opportunities and well-being for the poor.
- **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.
- **Sustainable**: there are four key dimensions to sustainability – economic, institutional, social and environmental sustainability. All are important – a balance must be found between them.
Operational SL principles might be:
 - **Multi-level and holistic**: micro-level activity and outcomes should inform the development of policy and an effective governance environment. Macro- and meso-level structures and processes should support people to build upon their strengths.
 - **Conducted in partnership**: partnerships can be formed with poor people and their organisations, as well as with the public and private sector. Partnerships should be transparent agreements based upon shared goals.
 - **Disaggregated**: it is vital to understand how assets, vulnerabilities, voice and livelihood strategies differ between disadvantaged groups as well as between men and women in these groups. Stakeholder and gender analysis are key tools.
 - **Long-term and flexible**: poverty reduction requires long-term commitments and a flexible approach to providing support.

The SL framework

The SL framework has been the ‘public face’ of DFID’s SL approach, but it is in reality only one of many analytical tools that can be employed when implementing an SL approach. The framework highlights some of the key points of SL approaches (assets, vulnerability, policies/institutions and the fact that all these interact). For example, in a study aiming to explore the dynamics of poverty in four very different Indonesian contexts, users found the SL framework helpful in linking macro-level trends to the ground-level realities of everyday life. “While policies may appear balanced and economically convincing at the macro level (e.g. privatisation of state owned enterprises to increase state revenue) they do not necessarily favour sustainability for poor people’s livelihoods (e.g. when they reduce access by the poor to common property resources)” (Carriere 2002). The framework helped users in this study to differentiate root causes of poverty in the four sites. They were also able to ascribe contributory factors in the main framework areas of vulnerability, assets and transforming structures.

However, the framework does not aspire to capture all of SL thinking. Nor does it supply methodologies or guidance on implementing an SL approach. The same Indonesian study found, for example, that the framework could not adequately represent urban realities. “For example, definitions of ‘natural capital’ need reorienting to consider services derived (air quality, waste assimilation, protection from floods and

fire), rather than just natural resources themselves” (Carriere 2002).

The usefulness of the SL framework, as with any tool, is set by the user. Mechanistically following the framework will yield poor results. However, when use of SL tools and methodologies is underpinned by a commitment to think through and prioritise livelihood issues, they will be more effective.

For some users, the framework is a building block to adapt for local use or to add depth to analysis. Annex 1 presents some of the many adaptations of the SL framework that are currently in use while Annex 2 shows how users have employed different graphics to add depth to analysis of policies, institutions and processes (see part 5). Discussion, comment and innovation in both areas have considerably enriched SL thinking.

Finally, some experienced SL users have developed their own schemas for presenting and explaining SL. Box 2 shows an example from the IDL Group which readers may find useful.

Box 2: The IDL Group's interpretation of an SL approach

At any point in time we have a particular configuration of livelihoods assets. We seek to consolidate and increase these by building on assets, substituting assets, by trading and by creating assets. Each of these actions is, in its broadest sense, a transaction which may be financial but often is not.

The efficiency with which we conduct our transactions is governed by a complex of factors operating at various levels. These can be grouped as risks, institutions, and access to other assets (such as health or technology). When these factors do not constrain the transactions in any way, we have multiple options and can effectively pursue our livelihood goals. The poorer we are, the more these factors tend to constitute a drag or transaction cost on our livelihoods. Not uncommonly, the transaction costs are severe enough to effectively close off most options.

Thus the outcome that the SL approach seeks can be viewed as an institutionalised reduction in the transaction costs faced by poor people in deriving a robust livelihood.

Facilitating and supporting processes that work towards this outcome is the key challenge for all stakeholders to any livelihoods-oriented development intervention. The following analytical sequence lays out just such a process. Individuals or organisations may play a part in one or many of these steps.

Step 1: Analyse how people thrive and survive and identify key opportunities/leverage points. (Annex 3 presents a list of questions that can help here).

Step 2: Attain agreement among key stakeholders on the desired outcome – the development 'prize'. This prize is identified as a result of a livelihoods analysis but focuses on ways of achieving an 'institutionalised reduction in the transaction costs involved in deriving a sustainable livelihood'. This may mean, for example, reduced risk of disease, improved access to information, a greater voice for poor women in local planning and so on.

Step 3: Clarify the operational context and development factors that determine what is feasible (the scope, scale, size and risk of intervention) and help identify the best entry points. As most viable entry points are, in fact, processes in themselves, the greatest potential for a significant reduction in transaction costs occurs where pro-poor processes already exist, even if these are still minor and unrefined. Such processes might include a commitment to poverty eradication, dissatisfaction with the performance of present institutions, sound decentralisation policy, moves towards cross sectoral working, strong economic growth, etc. This step often requires a good deal of iteration with step 2 (defining the desired outcome), particularly when a paucity of pro-poor processes make real progress difficult. This need not imply that the original outcome is completely taken off the table, however secondary or intermediate goals may become more important.

Step 4: Decide on the nature of the 'intervention'. Action to reduce transaction costs can take place at all levels. This may range from UN normative functions to sectoral policy reform, to community capacity-building projects or even food aid. The point is that there is no 'typical' SL programme or project that arises from the use of an SL approach. Because of the infinite variety of livelihoods and the infinite variability in the operating context, SL interventions can take any shape or form. They may or may not follow a similar pattern to the above schema. But all share a grounding in an analysis of livelihoods and all seek an institutionalised reduction in the transaction costs involved in deriving a sustainable livelihood.

Throughout, there is a core focus on process and finding the most appropriate ways to work. Key issues include: engaging stakeholders; building capacity to respond to a changing agenda; developing a vision; and focussing on finding the best ways to deliver development outcomes.

The IDL Group recognises the work of Williamson (1975) in the field of Transaction Cost Economics.

4 Uses, value and concerns regarding SL

4.1 Uses of SL

SL thinking has been successfully employed in many development-related scenarios including:

- ***national-level planning*** (e.g. Uganda's Plan for the Modernisation of Agriculture);
- ***DFID country programme preparation*** (e.g. Cambodia);
- ***the development of large-scale poverty eradication strategies*** (e.g. by Khanya in the Freestate, South Africa);
- ***input into participatory poverty assessments*** (e.g. in Indonesia and Vietnam – where this also fed into the Poverty Reduction Strategy Paper (PRSP));
- ***structuring a large-scale living standards survey*** in Mongolia (feeding into World Bank project and eventually PRSP);
- ***responding to an emergency*** (e.g. DFID's response to the Orissa Cyclone: see IMM 2001);
- ***FAO vulnerable group profiling*** (classifying vulnerable groups according to their livelihood system – then looking for sub-groups);
- ***the development of a multi-country sectoral partnership*** (the FAO/DFID Sustainable Fisheries Livelihoods Programme in which 25 West African countries participate);
- ***project planning*** (e.g. Chars Livelihoods Assistance Programme (Bangladesh), Andhra Pradesh Rural Livelihoods Project and Western Orissa Rural Livelihoods Project (India));
- ***community-based planning*** (e.g. by Khanya (South Africa), Nepal-UK Community Forestry Project);
- ***monitoring and evaluation*** (e.g. Livelihoods Monitoring Project (Bangladesh), Livelihood Asset Status Tracking (India), Kipepeo Project (Kenya));
- ***review of existing programmes*** (preparatory study for rural livelihoods programme (Pakistan));
- ***institutional analysis*** (e.g. Institutional Support for Sustainable Rural Livelihoods in Southern Africa);
- ***policy process analysis*** (e.g. Soil Fertility Management and Sustainable Rural Livelihoods: New Approaches to the Policy Process, Ethiopia, Kenya, Mali, Malawi, Nigeria, Zambia, Zimbabwe);

- **sectoral reform** (e.g. forestry in Uganda, livestock services in Indonesia); and
- **structuring research**² see Box 3 (especially longer-term policy research) **and teaching**.
Details of many of these activities are available on the Livelihoods Connect website at www.livelihoods.org.

SL and research

SL thinking is informing a wide range of research projects, especially those funded by the Natural Resources Policy Research Programme of DFID's Rural Livelihoods Department. Most of these research projects aim to improve livelihoods through making a contribution to policy change. Commonly the SL framework and explicit SL tools are used in the early stage of work, but it is really SL thinking – and particularly the quest to understand the actual impact of policies on livelihoods – that is the distinguishing feature of these projects. Most involve some degree of village-level livelihoods analysis in order to ground-truth analysis of policy impact. Many are analysing the effects of decentralisation on local livelihoods as well as the impact of particular power structures on policy outcomes.

Box 3 provides examples.

Using SL at a national or strategic level: Mongolia, Uganda and India

In 1999, there was some concern as to whether SL approaches demand too much data to be useful at a regional or country level. This fear has proved to be unfounded: focusing on people and their livelihood objectives and constraints guides the type of information gathered, as the examples below show.

In **Mongolia** an SL approach was used to structure a 'Participatory Living Standards Assessment', which will eventually inform the country's PRSP. The fact that government agencies shared an understanding of poverty as multi-faceted facilitated the adoption of an SL approach, although 'SL language' took a back seat in discussions with government personnel. An SL approach helped to prioritise and sequence activities in preparing the subsequent World Bank project and helped to show how operational and policy-level activities and project components relate to each other. Users found that the approach helped them to focus on the causes, rather than on the symptoms, of vulnerability. It also increased their understanding of local issues and showed how national policies on land tenure, micro-finance and livestock risk-management affect local livelihoods.

Uganda's Plan for the Modernisation of Agriculture (PMA) is congruent with SL, even though an SL approach was not explicitly used in the process. A year on, lessons emerging from the PMA include that:

- It is hard to spread knowledge, especially to local government and poor people, of

Box 3: Three examples of SL-rooted research projects

Using an SL approach in policy research entails more than just immersion in the detail of livelihoods. It means continuously referring policy issues back to ascertain what they mean for livelihoods, as well as informing policy debate with information about livelihood realities. This is illustrated in the experience of three research projects that have used SL approaches in different ways and to varying degrees.

The **LADDER** Project (Livelihoods and Diversification Directions Explored by Research) is conducted by the Overseas Development Group (ODG) of the University of East Anglia in Uganda, Tanzania, Malawi and Kenya. LADDER distinguishes the livelihood circumstances of the poor from the better off, examines enabling and disabling factors in the institutional environment which households confront, and makes the links to macro level policies such as PRSPs. The project has combined a quantitative survey of nearly 4,000 households in 37 villages across the four countries with qualitative research and thematic policy analysis.

The **Livelihood Options in South Asia** project is conducted by the Overseas Development Institute. Like LADDER it focuses on diversified livelihoods of the rural poor. Qualitative and quantitative analysis of assets and strategies at household level is combined with a strong focus on the influence of politics, caste and class on livelihood opportunities. It also examines the links between exclusion from economic assets, social assets and wider entitlements. Several policy and institutional studies, reaching from the national to sub-district levels, have been conducted and the uptake of government schemes has been studied at the household level.

The Institute of Development Studies' **Sustainable Livelihoods in Southern Africa** project focuses on how policy and institutions affect the access of the poor to natural resources (land, water and wildlife). Based largely on qualitative research approaches, it has a strong focus on the policies and institutions that mediate livelihood opportunities, and how the interests of the poor are (or are not) reflected in policy process. In this project there is less detailed analysis of livelihood portfolios.

The three projects vary in their topics for research and in their methodologies. Explicit use of the SL framework and principles has varied between projects and over time. In general it has been most prominent at the outset for grounding the research and sharing concepts with team members. The SL approach and elements of the framework are highly visible in the questionnaire design in East Africa, the mapping phase in Southern Africa, and the emphasis on access, entitlements, and the totality of livelihood portfolios in South Asia. Beyond that, a SL approach has been used most explicitly during analysis in LADDER. For example, findings have included an analysis of how the 'asset pentagon' varies between income quartiles and how assets, activities, outcomes and policies, institutions and processes (PIPS) are tightly linked. In South Asia, SL has been a 'constant reminder' of the need to cover all aspects of diverse livelihoods. This has posed a challenge as the scope of the research has remained problematically wide (Deshingkar, South Asia project, pers. com.).

What the three research projects do share in common is a *key purpose*: they use findings from the ground to inform and challenge prevailing policy – whether on local taxation and PRSPs in East Africa, privatisation of resources and redistribution in Southern Africa, or rural growth and social protection policies in India. A the projects:

- explicitly highlight assets;
- include some element of village-level livelihoods analysis in order to ground-truth analysis of policy impact;
- examine not only the way in which policy is implemented and whether policy goals are achieved, but what these mean for the livelihoods of poor people;
- emphasise the significance of institutional blockages to livelihood improvement.

The value of this approach has already been demonstrated in Uganda where the LADDER project has been able to contribute new and useful insights to policy-makers (Ellis, pers com).

Source: Caroline Ashley, ODI, c.ashley@odi.org.uk

what the PMA can mean to them and what is different or new.

- Politicians tend to use the PMA to promise riches.
- There is also a tendency to resubmit agriculture projects under the PMA umbrella, just changing a few words (though such projects are then rejected).
- The PMA secretariat initially found it hard to define its role and ensure that it kept an adequate distance from the Ministry of Agriculture, Animal Industries and Fisheries.
- The PMA does not explicitly address power issues but the PMA grant mechanism aims to empower the public to become more involved in investment decisions, thus altering the balance of power.
- Governments can choose to confront head-on the institutional challenges associated with national application of an SL approach.

In the **Indian** State of Orissa, an SL approach was used with considerable success for understanding the effects and livelihood implications of the devastating cyclone of October 1999 and responding appropriately. The holistic approach was valuable in understanding how people react to a disaster, since disasters affect all aspects of people's lives. The SL framework was used to interpret livelihood scenarios just before the cyclone, immediately after and 3-9 months later. Comparing these scenarios helped to identify priorities for action (Robin Mearns and Alwyn Chilver pers. com., IMM 2001)

4.2 *Value of SL*

Although it is hard to isolate the precise contribution of SL thinking, users have found that SL approaches have:

- helped their understanding of the complexity and substance of poor people's lives, the constraints that poor people face and trends in livelihoods (e.g. increased migration and rural/urban integration etc.);
- helped to identify and differentiate between groups of poor people;
- helped them to recognise the broad relevance to livelihoods of issues that were formerly viewed as narrowly technical (e.g. access to transport and information);
- opened up opportunities for poor people to discuss the power issues that underlie their poverty (e.g. through employment of the SL framework);
- helped them to appreciate the importance of process, of involving poor people in development, of building the capacity to be responsive to changing agendas and of iterative implementation;
- increased the people-focus of participatory poverty assessments (PPAs) and helped these become more analytical and rigorous (rather than purely descriptive) (e.g. in Indonesia, Carriere 2001);³

- provided data to other macro processes (e.g. Poverty Reduction Strategy Papers (PRSPs));⁴
- helped them to participate in and appreciate the value of multi-disciplinary analysis and teamwork;⁵
- helped them to develop a more meaningful understanding of multi-dimensional crises such as HIV/Aids;
- structured their thinking about policy analysis and demonstrated the need for projects to make links to policy-making and undertake policy advocacy activities;
- highlighted the importance of seeking improvements in policy processes and increasing the level of participation in policy-making (e.g. Thomson 2000);
- helped to equip policy makers to think about poverty and how they are able to deliver on poverty targets;
- helped them to develop a better understanding of the actual (as opposed to presumed) effects of decentralisation;
- brought partners together;
- provided insights into how international development agencies, such as DFID and the FAO, should work as institutions to take the SL agenda forward;
- provided a valuable challenge to the increasingly macro focus of aid (Farrington 2001).

This last point merits further consideration. Some users suggest that the ability of SL approaches to ‘fit in’ with other development approaches and macro instruments, such as PRSPs, PPAs and medium-term expenditure frameworks, may not be as important as providing a valuable alternative perspective. The greatest value of SL approaches, they say, may lie in providing a ‘reality check’ on macro instruments and the trend towards central budget support. Despite the many merits of national poverty strategies and budgetary support measures, these are often de-linked from the reality of poor people’s livelihoods and therefore risk having little (or less than expected) actual poverty impact. SL approaches may help by showing why this happens and how measures might be made more effective.

Despite the growing list of SL ‘successes’, some of the greatest challenges in development (e.g. reaching the very poorest, building capacity in failing institutions, governance reform, etc.) remain challenges with or without SL approaches. Nevertheless, users feel that SL approaches help them to understand the issues and present possible ways of moving forward.

4.3 Concerns regarding SL

SL approaches draw on a range of existing analytical tools; they are not intended as replacements for other approaches or modes of analysis. Nevertheless, SL thinking has been criticised for underplaying the importance of one or more critical factors

including vulnerability, gender, markets, etc. In part this may be because of the existing viewpoints and experience of users; it can be easy to overlook unfamiliar areas such as household financial flows, even though these are crucial to people's livelihoods. Bearing this in mind, some of the main concerns about SL approaches and their implementation are summarised below.

Governance, power, rights

While the SL principles put people first, many feel that they fail to emphasise sufficiently the need to increase the power and rights of the poor and to stimulate changes in social relations. A related concern is that the practice of SL can be extractive. Information may be gathered locally but is often processed, and decisions made, elsewhere.

These issues have to do with the overall governance framework, how it is understood and the role that poor people play. It is important that users of SL place adequate emphasis on understanding how people relate to the institutional environment, where power lies and how and why change takes place. If this area is not prioritised, there may be little scope for reducing poverty – and for reaching the very poorest groups – in a sustainable manner.

For a fuller discussion of these issues, see part 5 below.

Markets, the private sector, and the economic context of livelihoods

The use of SL approaches by many practitioners and researchers who do not have a background in economics or experience of working with the private sector has tended to result in a downgrading of market and economic issues.

This is unfortunate as there is nothing mysterious about the way economics and economic categories mesh with SL approaches. Indeed, the origins of the asset vulnerability framework, from which contemporary SL approaches stem, is an economic literature concerned with famine originating in the early 1980s (Sen 1981). The economic dimension is therefore as much a part of SL approaches and analysis as any other dimension. When individuals cultivate their land to one crop rather than another or decide to take up making bricks or brewing beer, they are making economic decisions, albeit set within social and cultural contexts and constraints.

Economic decisions are critically affected by the structure and functioning of markets (Box 4). How well markets function depends on many factors related to trust, information, contract enforcement, application of the rule of law, freedom of movement of goods and people and market structure, i.e. the number of traders operating in markets and their relative size. These factors and their causes often come to light during routine livelihoods analysis. For example, there may be no traders prepared to purchase farm outputs in remote locations. Reasons for this may include poor road access or police roadblocks that routinely fine traders under spurious pretexts. Markets that do not work well are typically characterised by high 'transaction costs' and, as pointed out

earlier, lowering the transaction costs of achieving secure livelihoods at whatever level (from the local, to the district, province or national level) can be seen as a major aim of SL approaches (see Box 2).

Box 4: The role of markets in livelihoods

The economic concept of a market refers to the numerous purchase and sale decisions that result in a price level being determined for something such as bananas or charcoal. Markets influence livelihood strategies and outcomes by establishing:

- the cost of acquiring assets or of substituting one asset for another (though they have less influence on the pre-existing distribution of inherited assets such as land)
- the returns to using assets – including labour – for different purposes (supply and demand factors help set the price that will be received)
- the price of labour (i.e. the wage rate) for different activities and skills.

Markets are also critical in helping poor people meet their consumption needs especially – but not exclusively – for staple foods. The majority of the poor, in both urban and rural areas, are net buyers of food and therefore require food markets that are efficient, accessible and provide a degree of price stability and predictability.

Markets can work better or worse depending on factors such as numbers of buyers and sellers, available information, and mobility of goods and services. In the worst cases of market failure, there may be no buyers or no sellers, each exchange may become a unique event associated with its own price (so that prices are highly variable even within close proximity), or one side of the market may have effective market power over the other side (monopoly sellers or monopsony buyers).

One way of increasing our understanding of markets is to spread awareness of and make better use of existing market-related methodologies. Oxfam provides a good example here in its use of value-chain analysis (Box 5).

Box 5: Oxfam's approach to markets

Markets are critical to poor people's livelihoods but they can also increase vulnerability. Globalisation has helped to integrate the local markets upon which poor people depend with other, distant markets. This subjects local markets to new forms of competition, volatility and influence by larger actors and economic units, which can have devastating impacts on livelihoods. Secondly, under-developed markets and widespread market failures effectively isolate many poor communities from market opportunities.

For Oxfam the question is therefore *how* – rather than *whether* – to engage with markets to help ensure that they serve the needs of sustainable livelihoods (and not the other way around). Key requirements are that poor people gain access, power and fair prices in markets. They must also gain influence over the structures or rules governing those markets.

Oxfam is now focusing strategically on this aim. It is employing a variety of analytical tools, including many that already exist and are commonly used elsewhere. One of these is value-chain analysis – the examination of the range of activities and processes necessary to design, produce, market and dispose of products. The analysis draws attention to rent-seeking behaviour and to the effects of barriers to market entry. In so doing it helps move beyond symptoms to pinpoint the causes of market characteristics (just as SL analysis attempts to pinpoint why livelihoods are as they are) (Kaplinsky 2000).

Value-chain analysis represents one step in Oxfam's three-step approach to securing access, power and fair prices for poor people in markets. The full range of questions that are asked and suggested tools are detailed in Annex 3.

Oxfam has identified several important challenges in this area.

- SL and market analyses have different focuses and require different types of expertise: SL analysis focuses on people and their livelihood context. Market analysis demands attention to a 'transect' of people's livelihoods defined by particular products or commodities. It can be difficult to bring the two together.
- To what extent can poor people engage in the type of market analysis required – and at what point do they need to?
- The issues raised by value chains extend from the very micro to the macro. Multiple entry-points and interventions at different levels may be required. How can these be effectively managed and communicated to the many different partners involved, especially the 'beneficiaries' themselves?
- How should we proceed when market analysis suggests that a particular market, though critical to certain livelihoods, is unlikely ever to lead to viable – let alone sustainable – livelihoods?

Source: Antonio Hill, Oxfam

It is also essential to recognise that the livelihoods of most of the poor take place wholly within the private sector (Box 6). In conducting an SL analysis, practitioners often treat livelihoods as somehow separate, and distinct from, the private sector. However, most livelihoods in low-income countries (or anywhere else for that matter) *are* private-sector livelihoods: small farmers are small, private sector, enterprises, as are brick makers, beer brewers, bicycle traders, street vendors, bus operators and so on. Diverse livelihoods tend to span a range of different private-sector activities while some also encompass public-sector aspects (principally when household members are government or local authority employees).

Box 6: Private sector and livelihoods

Apart from government officials, most people's livelihoods in developing countries are in the private sector. The livelihoods of the poor typically comprise diverse private-sector activities. Some livelihoods straddle public and private sectors, as for example the livelihood of a salaried government employee in a farm household. Existing SL work has shown that there are both opportunities and hazards related to the privatisation of public services and the interactions of the poor with larger private companies.

- The privatisation of former public-sector services such as agricultural marketing, or veterinary services, has not always worked well, resulting in patchy and inadequate coverage and creating new constraints that need to be addressed in livelihoods work.
- Larger-scale private national or international companies can sometimes provide new opportunities for creating sustainable livelihoods, typically by providing a highly structured formal market for outputs, linked to credit and input supply under contract (the growth of high-value fruit and vegetable export markets typify this).
- The desirable role of the public sector varies in relation to different private sector issues; in general, the public sector is often part of the problem because it blocks rather than facilitates private-sector activity that would enable the poor to construct their own paths out of poverty; on the other hand where greatly unequal market power is present (as in sub-contracting or outgrower schemes), then the public sector can potentially play a counter-balancing role that helps to curtail the potential abuse of market power.

SL analysis should take account of the multiple roles that individuals and private sector organisations play. These include:

- providing services (e.g. transport, education, agricultural inputs, housing, etc.);
- providing markets for goods, labour and services produced by the poor;
- increasing the voice of users (e.g. through user groups, co-operatives, etc.);
- acting as policy makers and implementers (e.g. international seed and drug companies play an important role in determining what access people have to different inputs and medicines. Where cartels exist, private sector organisations effectively control market access.);
- providing financial services to the poor;
- acting as partners in development activity.

Livelihoods analysis has an important role to play in contributing towards the achievement of a balance of private and public-sector roles that expands the options for people to build their own routes out of poverty.

The concept of the private sector should therefore be understood to encompass infinite gradations from the semi-subsistence farm household or one-person bicycle repair shop, to micro-enterprises intermittently employing just two or three people, firms with 10 or more permanent employees, companies with local or national branches, branches of international companies and so on. Each type of private sector activity can play a role in poverty reduction. Indeed, the most minor enterprise, such as a one-person bicycle repair shop, may be critical for its contribution to overall household livelihood security.

It is therefore vital that the public sector encourages private enterprise and provides a supportive environment in which it can flourish (as opposed to blocking it, closing it down because it does not conform to some petty regulation, extracting unreasonable license fees, taxes or fines and so on). It is unfortunately true that the public-sector context for small-scale private-sector activity is often overwhelmingly discouraging. An important task for livelihoods approaches is to uncover this, bring it into the open, and make it the topic of policy discussion and debate.

Finally, SL analysis can often provide vital information about micro-macro links in the broad economic area. National-level economic trends are part of the vulnerability context of people's livelihoods; trends may be fortuitous (for example, rapid economic growth resulting in new opportunities to start up enterprises) or adverse (declining international prices for an important export crop; stalled growth due to corrupt and ineffective government). While not all livelihoods practitioners can become macroeconomic experts, awareness of the general trends can make a difference to the way problems and prospects are viewed in local situations. Conversely, findings from livelihoods analysis can provide national-level policymakers essential feedback on the local-level outcomes of macro-level poverty reduction policies. This is especially important in the context of Poverty Reduction Strategy Papers which incorporate macroeconomic policies within a broader poverty reduction remit.

Sustainability

The SL principles emphasise four types of sustainability: economic, institutional, social and environmental. However, it was noted in 1999 that "despite the words 'sustainable livelihoods' relatively little attention is paid to integrating sustainability with other concerns" (Ashley and Carney 1999). This is particularly worrying given that much of the original thinking around sustainable livelihoods was explicitly directed at finding ways to balance concerns about poverty reduction and the environment.

There has been some further work on biodiversity and livelihoods (e.g. by Sharon Laws – see <http://www.livelihoods.org/post/biodiv1-postit.html>) as well as analysis of what SL might learn from environmental mainstreaming (Doug Smith (ERM) http://www.livelihoods.org/info/linksevents_sub/linksevents_EnvSeminar.html#5).

Oxfam produced an extensive review of the environment/SL issues in 2000 (Neefjes

2000). Unfortunately, though, this thinking does not appear to have created a new awareness of sustainability issues amongst users or much methodological innovation.

Missing the point of SL approaches

SL aims to achieve poverty reduction through inclusive, people-centred development. While users are encouraged to adapt SL to their needs, this can result in them simply 'going through the motions' of using SL headings, reducing the holistic perspective to a set of rules that render the approach ineffective. In the worst cases SL analysis has been used (selectively) to justify existing development activities, rather than as part of a process of working with poor people to identify their strengths and build on these.

If SL approaches are to be effective, it is important that they strike a balance between starting from scratch and becoming overloaded with data. The IDL Group (2001) points out that it is essential to focus at the right level of detail and be strategic when gathering information. Sometimes this may mean sacrificing the minutiae for a greater understanding of broad trends, of areas where there is consensus (or not) and of levels of variation in livelihoods.

Data must then be critically analysed for relevance to livelihoods. This is unlikely to be possible without:

- an appropriate commitment of time and resources; and
- skilled personnel who are committed to employing SL thinking (i.e. to taking analysis through to consider actual livelihood impacts for different groups) as opposed to simply collecting data and applying SL 'labels' to them.

Methodologies for SL approaches

SL analysis and thinking is being applied in many different contexts. Users inevitably make different demands and require different levels of support.

- Some users – especially those who are new to SL thinking – would feel more comfortable if there were clearer methodologies or analytical tools available for every step (i.e. to address each principle and untangle every component of the SL framework). They feel that while SL sounds appealing, it is not always clear 'how to do it'.
- Others – particularly those who are deeply enmeshed in SL thinking – have no such concerns. They employ a wide variety of existing methodologies (political, economic and social analysis, amongst others) and are not looking for specific SL methods derived from the framework or elsewhere.
- A third group has highlighted the possibility of developing new methodologies in particular areas. For example, some feel that there could be more guidance on how to incorporate SL thinking into other ways of working (e.g. the preparation of PRSPs). Others areas of concern include: tools for market analysis (see above); finding ways of bringing SL thinking into traditional macro-economic approaches;

gaining a better understanding of how assets are used and how people substitute between them; and developing schemas for using SL in disaster situations.

Box 7 provides some examples of current methodological work.

While specific requirements may differ, all users stand to benefit from accessible information on SL and from an environment that promotes and supports methodological innovation. Various new publications as well as postings on Livelihoods Connect (www.livelihoods.org) provide quite detailed accounts of how SL has been and can be used in different situations. Examples include:

- The LADDER (Livelihoods and Diversification Directions Explored by Research) series published by the Overseas Development Group at the University of East Anglia (with partners). This includes a recent *Methods Manual for Fieldwork* (LADDER Working Paper No. 2, 2001).
- A recent publication and accompanying video from South Africa: De Satge, R. *et al.* (2002) *Learning about livelihoods: Insights from Southern Africa*. Cape Town: Periperi.
- Various publications on the Khanya website (<http://www.khanya-mrc.co.za/>) including a detailed description of the Vertical Transect Methodology mentioned in Box 7 and examples of the application of an SL approach in community-based planning processes linked to local government planning.
- All the postings in the 'Lessons' section of the Livelihoods Connect website.

Some users have also developed their own lists of key questions that can act as a guide when conducting fieldwork. Examples are provided in Annex 3.

SL and current development thinking: SL approaches and PRSPs

In the past several years, much of the focus of development work in the poorest countries has been on the development of Poverty Reduction Strategy Papers. Given the primacy of PRSPs, the coherence between them and SL approaches is clearly of critical importance. On paper, at least, there seems to be a good deal of complementarity between the two. In its recently published Poverty Guidance Notes, DFID states that PRSPs must: understand the nature and causes of poverty; choose public actions with the highest poverty impact; and set and monitor outcome indicators (Boulton *et al.* 2001).

SL approaches should be able to help in all these areas, not least by demonstrating the importance of making micro-macro links and building on strengths. Work by Norton and Foster (2001) identifies the following areas in which SL approaches have the potential to enrich PRSPs:

- understanding livelihood groups and assets;
- predicting responses to different policy options;
- managing cross-cutting issues;
- highlighting the long term;
- underlining the importance of participation;

Box 7: Some examples of methodological innovation in SL approaches

TRL Ltd's Sustainable Livelihoods Indicator Model endeavours to quantify the asset pentagon to facilitate more objective prioritisation. Data from quantitative surveys are classified into different areas of the SL asset pentagon, where each type is allocated a score between 0 and 100 and plotted. So, for example, physical capital has four components in the Cameroon study cited in Davis (2001). These are: distance to nearest main road junction, road passability in wet season and dry season; and distance to transport pickup point.

Researchers at **Imperial College** have applied SL approaches in a variety of projects. They examine:

- the functions (roles and attributes) of assets in production, savings and consumption;
- the effects of economic growth and production and consumption linkages on demand for labour and locally produced goods and services (and the effects on livelihoods);
- peoples' dynamic livelihood strategies (showing how activities change depending upon asset accumulation and attributes, but also as a result of interactions with wider processes of economic and population growth and institutional change);
- the effects of technical innovation on asset portfolios; and
- ways of securing change (change can require the cooperation of disparate groups of stakeholders and hence alignment of the interests of powerful and vulnerable groups), especially in market institutions (see Annex 3 for the set of questions used).

For further details see: www.wye.ic.ac.uk/AgEcon/ADU/research/interest/sla/index.html

Khanya has used a **vertical transect methodology** in its SL approach in Zimbabwe, Zambia, South Africa and Uganda.

- Analysis starts at a macro level with interviews, a literature review etc. to get an overview of the policy environment.
- The next step is to go to the community to look at the reality on the ground. PRA methodologies are used for institutional, policy and livelihood analysis in case study locations.
- Meetings are held with stakeholders at meso levels (e.g. district, province) to triangulate the messages from the micro level, see how they explain the gaps identified at community level, and see what issues are facing the institutions at higher levels in attempting to deliver their mandates.
- These findings are then brought to policy-makers in further interviews and a workshop in order to understand how they see the issues raised by lower levels .

(for further details and to download the methodology and tools see www.khanya-mrc.co.za).

Researchers at **Bradford Centre for International Development** together with the **Institute for Development Policy Management and the School of Economic Studies at the University of Manchester** and partners in Uganda and South Africa have developed methods for local assessment of livelihood assets (Howlett *et al.* 2000). They have also identified indicators of success and sustainability in different farming-based livelihoods (Bahigwa *et al.* 2001). The asset assessment methodology has been further developed for use in India (Bond and Mukherjee 2001). It draws on local views and perceptions of stakeholders to provide a simple, quick, and easily understood assessment of the status and utilisation of different assets. This helps to identify asset-related factors that are limiting the development of more sustainable livelihoods. The information can also be used to draw comparisons between different systems as well as between different groups within the same system.

For further information see: <http://les1.man.ac.uk/ses/research/CAFRE/indicators/home1.htm>

IMM Ltd. is in the process of developing an analytical tool for using SL approaches in disaster work. It has also been working on a tool for analysing the benefits of reef resources to poor people and for understanding coastal ecosystems in relation to poverty.

(contact Jock Campbell: j.campbell-imm@exeter.ac.uk)

- promoting a more decentralised approach;
- setting targets and monitoring; and
- providing a 'checklist' to assess PRSPs (from the outside).
They recommend that more work should be done to:
- find ways to use SL approaches as a bridge between PPAs and the quantitative frameworks that are used for assessing policy and programme interventions;
- integrate asset/vulnerability information with economic analysis (e.g. of household income/expenditure), to identify which interventions have the greatest sustainable impact on the largest number of poor people at an affordable cost as well as which interventions have the greatest positive impact on the poorest and most vulnerable groups;
- marry the insights from the SL asset framework to more conventional forms of analysis, including cost-benefit and cost-effectiveness approaches, as well as econometric analysis of the determinants of poverty;
- integrate variables of freedom and individual agency into livelihoods analysis. This would take the debate into issues of accessible justice, political voice and human rights and would enable SL approaches to address the key dimension of the freedoms and opportunities which are available to people to make use of their assets (see part 5).

Although the real proof of PRSPs will emerge from their implementation, some clues as to the contribution that SL approaches are making can be found in a review of existing PRSP documents by Thin et al. (2001). Unfortunately, the authors found little evidence that the SL-friendly rhetoric of PRSPs is being reflected in the documents produced. Poverty profiling and causal explanations of poverty within PRSPs were generally found to be weak. Other areas of weakness included: disaggregation of groups; making links between poverty characteristics and sections on strategy; looking at sources of vulnerability at a household level; assessing the sustainability of the different measures they suggest; and incorporating the dynamic aspects of livelihoods (including common paths in and out of poverty) in analysis.

Developing clearer guidelines or tools to facilitate the incorporation of SL thinking into PRSPs may then be a priority, Foster and Norton (2001) suggest. However, it has also been suggested that the gap between rhetoric and reality in PRSPs has little to do with what methods are available. It may instead be symptomatic of a wider problem about how policy statements are translated into programmes, budget lines, etc. (Anne Thomson pers. com.). As long as this problem persists, SL may be most valuable as a counter-balance – rather than an input – to other more macro-focussed development instruments.

Institutional implications: finding new ways of working

SL approaches challenge the way in which we think about poverty and what we do about it. They move beyond sectoral concerns, across institutional boundaries, to address

livelihoods issues such as economic migration and HIV/AIDS; they challenge us to find ways of amplifying the voice of the poor and to deliver on outcome-based targets; they demand longer timeframes and greater flexibility to reflect the true nature of poor people's livelihoods.

This calls for re-examination of how development agencies and their partner organisations are structured, the way they work and the skills required of personnel (Ashley and Carney 1999, the IDL Group 2001). SL approaches continuously pull us back to the need to work in ways that reflect the reality of poor people's livelihoods.

There are certainly examples from within DFID of greater team-working and more objective-oriented planning as a result of SL thinking (for example, preparation of the Cambodia Country Strategy Paper and the preparatory study for a DFID-Supported Rural Livelihoods Programme in Pakistan). In addition, there has been increased dialogue between sectors and fairly wide permeation of the people-centred ideas that SL promotes. But there remain concerns about the lack of incentives for cross-sectoral working in DFID and in other organisations (though SL has already made a contribution by bringing this issue into the open – Caroline Ashley pers. com.).

Livelihoods monitoring and evaluation

There are three main areas of concern here. The first is to assess how far SL approaches themselves have been institutionalised and effectively employed within institutions. The second is to understand the implications of livelihoods approaches for monitoring and evaluation (M&E) as a whole. The third is to find ways of measuring the overall poverty impact of adopting SL approaches.

Monitoring how far SL approaches have been institutionalised

SL approaches start with an analysis of how poor people thrive and survive given key opportunities and leverage points. This starting point is the same whoever is employing the approaches: planner, programme adviser or policy maker. The essential question therefore is: how far have we shifted – both internally and externally – to make livelihoods analysis the starting point? Assessing the process against SL principles rather misses the point, as these describe the 'quality' rather than the substance of SL approaches.

Although there has been no systematic assessment in this area, it is clear from this paper that SL approaches have stimulated significant changes in emphasis in development agencies and partner organisations. However, the dangers of 'going through the motions' with SL and failing to get the best out of SL thinking have also been highlighted. SL approaches call for constant questioning of common assumptions and repeated reference to the effects of policy and actions on the livelihoods of the poor.

What are the implications of SL approaches for M&E?

Livelihoods monitoring and evaluation seeks to track how project or programme activities impact on people's livelihoods.

- It emphasises a dynamic learning process rather than a 'policing', snapshot assessment.
- It is outcome-focused and looks beyond the direct, expected impacts to indirect and unexpected influences within the broader context of people's livelihoods.
- Links between the micro and the macro are critically important in SL interventions and are a core focus in monitoring: how have micro-level activities influenced the bigger picture and how has policy and regulation impacted on livelihoods?
- The participatory focus of SL approaches demands that appropriate and meaningful indicators of change are negotiated with stakeholders early on in any intervention. Real partnerships that focus on joint learning and work towards a common goal are a priority (Clare Hamilton-Shakya, pers. com.).

Key challenges in livelihoods M&E include defining meaningful indicators and an appropriate timescale and managing large amounts of data. SL's emphasis on non-income aspects of livelihood strengthening – such as reduced vulnerability, increased access to assets and so on – is more representative of the priorities of the poor. However, these things are also more difficult to measure and may be very slow to materialise (Ashley and Carney 1999). The timeframe for livelihoods evaluation therefore tends to be longer than for 'conventional' projects and the risk of accumulating an impossible amount of data – particularly if the SL framework is used as a checklist for assessing livelihood impacts – is greater.

Box 8: Application of the SL framework to M&E

The CARE-Bangladesh Livelihoods Monitoring Project is involved in monitoring two other CARE projects. It used an SL framework as a 'checklist' against which to assess the original project baseline questionnaires. Questions were then added to 'fill the gaps.' So, for example, questions about household coping mechanisms and assets were added to existing questions on household production and livelihood strategies. The section on land ownership was expanded to include other forms of access to land, such as shareholding and renting. Emergency expenditures were analysed to understand levels of household vulnerability and how assets are used in a crisis.

Source: Turton, C. (forthcoming) *Livelihoods monitoring and evaluation: Improving the impact and relevance of development interventions*, www.livelihoods.org/lessons

Significant progress has been made in tackling these challenges. Some suggest that livelihoods M&E should build on, and integrate with, existing monitoring and management information systems and involve project/programme staff fully. This calls for rethinking the whole approach to M&E. Others have followed a more discrete approach in which livelihoods M&E sits 'above' a more conventional, ongoing project M&E system. This is the case with the CARE-Bangladesh Livelihoods Monitoring Project (Box 8) which is funded separately from the two projects it is looking at and is managed by a unit within CARE-Bangladesh's Institutional Learning Department.

Assessing the overall impact of SL interventions

Many people still seek ways of monitoring 'the impact of SL interventions'. The implicit assumption is that it is, or should be, possible to quantify the impact of SL approaches on the livelihoods of the poor and poverty reduction more broadly. However, this is probably a non-starter. What SL approaches try to do is to refocus thinking on poverty and livelihoods and to institutionalise best practice. This means that there is no clear break between pre-SL and post-SL projects. It would therefore be foolhardy to try to attribute outcomes explicitly to SL even if the value of SL as an overall way of thinking is broadly appreciated.

4.4 Conclusion

As the body of experience of implementing SL approaches grows, so does acceptance of the value that SL approaches can add to development thinking and action. Information from networking and experiences from SL seminars and forums suggest that people who would not profess to be adopting an SL approach have been influenced by SL thinking. More thought is being given to understanding the reality of people's livelihoods and the (effects of the) relationship between poor people and their organisational/institutional environment (reports from the DFID Sustainable Livelihoods Seminar Series, 2001-2002 are available on-line from www.livelihoods.org).

The primary focus of concerns about SL approaches has also shifted to the area of rights/power and governance. While these are not new issues – from the outset there were worries that power issues were under-emphasised in SL approaches – they have been articulated in increasing depth and detail over the past two to three years.

At the same time, some issues that were initially contentious have faded into the background. Foremost among these is the question of, and qualms about, how SL can be used with policy-makers and at the level of national policy. Growing numbers of cases show that SL has been successfully used at a national level. Indeed, DFID's new *Poverty Guidance Notes* explicitly endorse this type of use (Boulton *et al.* 2001). Furthermore, engaging with policy-makers on SL-type issues has not proved to be as difficult as once imagined, if certain lessons are taken into account (Box 9).

Box 9: Sharing SL with policy-makers

When working in the policy arena it is important to be aware of the non-linear nature of policy-making and the need to identify multiple points of influence.

The key issue is how governments can be helped to internalise SL approaches, as opposed to being 'sold' them. Senior policy makers are only able to deliver on an SL agenda if they can create broad ownership of SL ideas. This, in turn, calls for a process of learning and exploration to find mechanisms of supporting livelihoods and new ways of working that are effective in a particular country. For this to be possible, senior policy makers must have a good grasp of the issues, but this can be hard to achieve given the time constraints under which they operate.

SL language may alienate policy-makers, so should be used with caution. However, this is not always the case. In Brazil, quite senior policy-makers were introduced to the SL principles and framework together. They seemed to find the combination of normative (principles) and analytical (framework) elements attractive. An SL approach seemed to offer a practical way forward that was focussed, yet flexible, unlike 'methodology-based' approaches (e.g. ZOPP) (Alex Shankland, pers. com.).

'Champions' are important in the dialogue with policy-makers. These people may not be within government but they often have strong influence and know whom to bring into the policy dialogue process. Some such champions are happy to promote an SL approach because they find it useful in their own work.

5 Power, rights and broader institutional issues

Understanding issues of rights, power, governance and institutions is critical for all involved in development. SL approaches have already helped here by emphasising the importance of the governance and institutional context and of understanding and influencing policy.

Those whose work focused primarily on technical issues have found that SL thinking has helped them to understand the policy and institutional context better and projects have changed accordingly. However, some users – especially those who come from a political science background – find SL approaches apolitical and lacking in depth on policy issues. In particular, some perceive a loss of focus on the key institutional issues that were at the heart of early SL thinking (Ian Scoones pers. com.). There is also a sense that rights and power issues are not sufficiently prominent in SL approaches so that opportunities for lasting poverty reduction are being missed.

A first step in addressing these issues is to be clear about terminology (Box 10).

5.1 Increasing the focus on rights and power

Poverty has many dimensions and causes, but one thing that most of the world's poor have in common is a lack of power and influence. This can be seen as a cause of poverty (the voice of the poor is rarely heard in allocation decisions), as an aspect of that poverty (lack of voice being a condition of the poor) and as an effect of poverty (low levels of human capital, in particular, may result in limited ability to exert influence) (Moore and Putzel 1999). It is therefore critical that poverty reduction efforts address the power and voice issue head-on.

While some feel that SL is already doing enough here (it is just a question of how the approach – which is already people-centred – is put into practice), others are concerned that SL skirts round power and voice issues. Because these concerns are not explicitly highlighted in the (original) SL principles and framework, there is a tendency for power issues and their effects to be (a) underanalysed and (b) insufficiently prioritised in development activity (with a consequent loss of effectiveness in poverty reduction).

One reason why SL might be missing opportunities for empowerment and for supporting changes in the relationship between poor people and their governance environment is that it is too wedded to a 'provider perspective' (Shields 2001). Shields

argues that the current SL perspective helps us find ways to make providers (whether the state, NGOs, the private sector, etc.) more responsive to the needs of users. This is a step in the right direction. But SL could achieve more if it were to break out of this provider-perspective and pay more attention to empowering users (and user groups) to do things for themselves (even though this might result in failure in some instances).

This would call for changes in the structure of governance. In particular, Shields argues for a stronger emphasis on citizenship. This would mean that poor people would play a more direct role in decision-making about allocation (even if they are not themselves users of a particular service) and in oversight of government decision-making processes. Such changes may be easier to effect where there are already processes of decentralisation underway. This is something that is being investigated by Khanya and partners in Uganda, South Africa, Zimbabwe and Ghana. A DFID-funded action-research project has shown how empowerment can take place through the development of community-based plans for over 1 million people. The methodology incorporates livelihood analysis, as well as using the SL principles for planning purposes (information available at www.khanya-mrc.co.za).

Rights

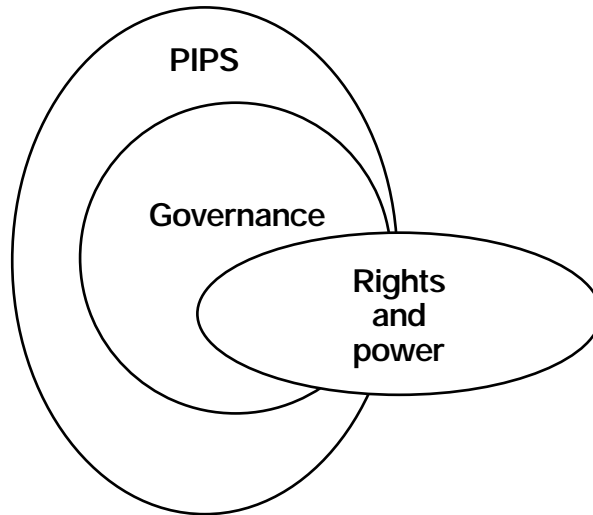
There are strong links between these empowerment issues and ongoing discussions about rights-based approaches to development. There are many views on how best to incorporate human rights issues into development practice. Some are more absolute about rights than others, but one thing that everyone stresses is the importance of respect for the individual and of inclusive and empowering approaches to development. Rights thinking is thus particularly useful in guarding against discrimination of any kind.

The following are some of the distinctive features of rights approaches.

- Rights approaches emphasise equity (of treatment and opportunity, rather than of outcome) and inclusiveness. They focus on individuals as citizens and highlight the importance of accountability and governance.
- According to Moser and Norton et al. (2001), 'rights can be understood as claims that have been legitimised by social structures and norms'. Claims can relate to the definition, interpretation or implementation of rights.
- Rights give rise to obligations to respect, protect and fulfil (with 'fulfil' in turn being interpreted as facilitating, providing and promoting).
- Five types of rights are usually identified. These are: social, economic, cultural, political and civil rights. A key principle is the indivisibility of these rights.
- Social and economic rights are particularly contentious, as their definition and enforcement are complex. Though some critical, livelihood-enhancing economic rights (e.g. right to access a fair labour market) do not necessarily represent a cost to the state, other possible rights (e.g. right to a certain standard of living) do. This can cause problems, though also create fertile ground for social organisation of the poor.

Box 10: Governance, PIPs, rights and power

The diagram below illustrates the relationships between the SL framework 'area' of *Policies institutions and processes (PIPs)* and governance and rights/power issues.



Policies, institutions and processes covers a daunting range of factors, including:

- governance and the way in which allocation decisions are made (nationally, regionally, locally)
- the market and processes of change in demand
- decentralisation and other political processes
- PRSPs and other macro instruments/strategies
- organisations (including local government, NGOs, private sector, traditional structures and groups, etc.)
- policies (as implemented, rather than as formulated) and the policy environment
- laws and the legal and justice system
- incentives (e.g. grants)
- power relations and structures of inequality
- institutions (e.g. land tenure, labour relationships, inheritance patterns, and traditional practices).
- service delivery (noting the way responsibilities for various services are fragmented between different organisations)
- information and the media
- donor-partner country relationships

All these widely differing factors may impact on the livelihoods of the poor and may therefore require analysis.

Governance is a difficult term to define. It includes most issues that relate to state authority, spending, regulation, structures or decision-making processes, but does not include those PIPs issues that are purely private (e.g. the structure and functioning of the private sector and user groups, traditional practices and power structures that impact upon livelihoods, etc.).

The definition from the DFID Governance Department Target Strategy Paper (TSP) is given below. This definition allows governance to be thought of as a sub-set of the wider PIPs area.

The DFID Governance Department uses the term governance to refer to the way in which 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 (p. 11 of the DFID Governance TSP)

Although it recognises the importance of the private sector and non-governmental organisations, the main focus of DFID's Governance Department is on ensuring that the state operates in a manner that will promote poverty reduction. Its 2001 Target Strategy Paper commits it to supporting the following key governance capabilities:

- to operate political systems which provide opportunities for all the people, including the poor and disadvantaged, to influence government policy and practice;
 - to provide macroeconomic stability and to facilitate private sector investment and trade so as to promote the growth necessary to reduce poverty;
 - to implement pro-poor policy and to raise, allocate and account for public resources accordingly;
 - to guarantee the equitable and universal provision of effective basic services;
 - to ensure personal safety and security with access to justice for all;
 - to manage national security arrangements accountably and to resolve differences between communities before they develop into violent conflicts; and
 - to develop honest and accountable government that can combat corruption.
- (p. 9 of the Governance TSP).

Cross-cutting both PIPs and governance are the issues of rights and power (in their broadest sense). These are a critical factor in governance as they relate to the status and role of different groups of people in allocation decisions and the policy-making process. They are also highly relevant to people's access to markets and systems of justice. There are also rights and power issues that fall beyond the governance component of PIPs (e.g. intra-household or community power issues) and some that extend beyond the PIPs area entirely (e.g. issues relating to assets and the demand side of rights) as the figure above shows.

Source: DFID 2001

- All the five types of rights have related international agreements in place. But it is also important to look at rights at other levels, from local up, and to understand the various different forums in which rights are pursued.
- Rights thinking can tend towards absolutism. Some view rights (and related goals of equality, empowerment and participation) as independent objectives which cannot be treated as instrumental to sustainable livelihoods, well-being or anything else. This provides a different perspective on spending for social protection and safety nets (Mary Ann Brocklesby, pers. com.).
- A lot of development-related (as opposed to more legal) work in the rights area focuses on empowering people to claim their rights. There is less attention paid to obligations and responsibilities (on the part of individuals, groups, states, etc.).

Box 11 summarises how rights approaches ‘fit’ with SL approaches.

It is clear that there are merits on both sides. Rather than arguing for one approach or the other, it makes sense to think about how to get the best out of both.⁶ How, for example, might SL build on rights thinking to increase its empowerment focus? And how can SL be effective in turning rights into opportunities and making them real?

It may be possible to build on new ideas to increase the depth and sophistication of our treatment of rights and power in SL analysis. One way to do this is to distinguish between the ‘demand’ and ‘supply’ sides of rights and to investigate the interaction between these.

Analysis of the **demand side** focuses on which groups have voice and the power to influence and why this is the case. There is a strong link between people’s access to assets and their ability to claim their rights, as shown below:

- *Social capital* is relevant to claiming rights because of the importance of group solidarity and relations.
- *Human capital* is relevant because those with greater skills and knowledge are likely to be in a stronger position to claim rights.
- *Financial and physical capital* can also be important in terms of facilitating the making of claims.

DFID’s SL framework can thus act as a tool for understanding the demand side of rights issues. However, a growing number of users feel that the framework would offer more in this area and bring rights and power issues more firmly onto the agenda if it were to include a sixth asset – political capital.

Box 12 summarises the arguments for and against bringing political capital into DFID’s SL framework. Because there are tradeoffs on either side, there is considerable disagreement on this issue. The reality is that different users will have different needs and it is the outcome (i.e. whether power and voice issues are adequately addressed) that is important, not the means of achieving this outcome.

- **Supply side** issues relate to the wider PIPs area (and often its governance component). The most important questions are what rights do poor people actually

Box 11: SL and rights-based approaches***What do rights-based approaches (RBAs) seem to offer that SL approaches do not?***

- Rights thinking springs from many sources and has strong global legitimacy, while SL thinking is associated with a small number of (largely Anglophone) agencies.
- This global legitimacy increases the normative value of RBAs. The fact that developing country governments are signatories to international rights treaties, provides an avenue for discussion of pro-poor action. And discussing rights can be more persuasive than discussing needs.
- A key attraction of RBAs lies in their transparency and absoluteness. SL approaches by contrast can seem complex and too dependent upon analysts' discretion. If donors and others strive to guarantee rights (at the very least as minimum standards and safety nets), there is a clear and non-negotiable platform around which groups can mobilise. As Drinkwater notes in his work for CARE, it also means that 'no fundamental causes or "drivers" of livelihood insecurity should automatically be "assumed away" for being too political, sensitive, or complex...' (Drinkwater 2001).
- RBAs bring power issues front and centre. They show how power matters and why the power of the poor must be increased if they are to realise their basic rights. In contrast, by emphasising the active participation of poor people, SL approaches can actually 'underplay the very real barriers that the destitute and socially excluded face in engaging in any meaningful way with the development process' (Mary Ann Brocklesby, pers. com.).
- RBAs emphasise equity and in so doing are better able to identify social exclusion and prioritise the poorest of the poor. For many poor people the major threats to their livelihoods derive from their lack of rights (to land and other assets, to particular livelihood strategies, etc.) (Conway 2001).
- The language of rights can provide a powerful stimulus to mobilisation and collective action and especially for demanding more accountability from governments. It can also help strengthen feelings of citizenship which may reduce patron-client relations (if responsibilities are adequately stressed).

What do SL approaches seem to offer that RBAs do not?

- Where RBAs are more absolute – and may therefore be more robust – SL approaches can appear more comprehensive and practical. It is almost always necessary to prioritise rights (both *which* rights and *whose* rights). Not only is this at odds with the principles of universality and indivisibility, but also, RBAs offer no mechanism to assist with the prioritisation (Farrington 2001, Moser, Norton *et al.* 2001). SL approaches are more helpful here. Although they offer no scientific methods for prioritisation, they do encourage the identification of discrete entry points and provide information about how people might best be supported to claim their rights.
- Likewise, SL approaches may make it easier to understand whose rights are being denied and the mechanisms through which this takes place (a concern raised by Roche and Roseveare 2001).
- SL approaches are more concerned with what people themselves aspire to. Although this may be viewed as a weakness (e.g. introducing relativism in place of absolutism and opening up the opportunities for abuse) it does help make sense of things, for example, when the enforcement of rights threatens people's livelihoods (as in the case of child labour standards) or when there are conflicts over the rights of different groups.
- SL approaches place more emphasis on vulnerability to external shocks – e.g. weather, pests, diseases – factors that can be critical to livelihoods but about which RBAs have little to say.
- While the strength of the rights discourse can be a clear advantage, it can also hamper the development of relations with partners. It may antagonise through suggesting moral superiority or exacerbate in-country conflicts. Indeed, adopting a rights approach may be politically unrealistic for developing country governments and donors alike (though some argue that RBAs make latent conflicts transparent and are therefore valuable). A less confrontational use of SL approaches (involving discussions about existing livelihood conditions, differing cultures, new opportunities, strengths not weaknesses, etc.) may be more practical and conducive to building long-term partnerships.
- RBAs have little to say about sustainability and inter-generational issues. Some view them as a threat to sustainability because they promise so much 'now' as opposed to later. Others argue that they build towards sustainability by enhancing human capital (rights to health, education, etc.).

Box 12: Should political capital be incorporated in DFID's SL framework?

Political capital has to do with power and the extent to which different groups are aware of their rights and willing and able to assert them. These issues, in themselves, are rights issues. As Moser, Norton *et al.* (2001) point out, people should have a right to certain dimensions of political capital: the right to participate, to justice, freedom of association, etc.

Those in favour of adding political capital into the SL framework argue that:

- Developing the political capabilities of the poor is an important objective of anti-poverty policy and that adding political capital would bring this objective to the fore.
- Doing so would facilitate a stronger link with RBAs.
- Although social and political capital are linked, in that they both have to do with making claims, there is a clear distinction between the two which should be brought out. Political capital relates to 'vertical' claims and rights (e.g. vis-à-vis landlord, the state). Social capital relates to 'horizontal' claims (vis-à-vis peers).
- It is important to understand the dynamic interaction between political capital and other assets (especially concerning issues of access). This is not likely to happen if political capital is not explicitly included in its own right (Baumann 2000).
- Political capital provides the link between PIPs and the local level and helps explain why various policies exist in their current form and why some work better than others (Baumann 2000).
- It would help locate programmes that are attempting to build voice as the demand side for policy change (Turton and Clark 2001).

The dissenters take the view that:

- Power issues, though extremely important, are intimately linked to human and social capital (which includes 'vertical' as well as 'horizontal' claims, even if the former have been under-emphasised). They also appear implicitly in the SL framework's 'influence and access' arrow and are bound up with the PIPs box. Since they permeate the entire structure of livelihoods (and the SL framework), it does not make sense to hive them off into an area called 'political capital'. This would be more confusing than illuminating (Anna Wilde, pers. com.).
- Including political capital in the framework would make it even more difficult to use this tool with partners (because the term and the power issues that it tries to capture are too contentious).
- SL approaches should be wary of adopting a term that is neither adequately defined nor well understood in the wider social science literature. There is a danger that the term will be used in a glib or superficial way and that no two users will share an understanding of the term even though they employ the same language (Frank Ellis, pers. com.).
- Making changes such as this to the SL framework is counter-productive as it tends to focus attention back on the tools for SL work and not on the key messages that SL is trying to convey (Peter Bazeley, pers.com.)

have – formally and in reality – and how are these enforced? Answering these will entail detailed investigation of the mechanisms through which poor people are (or are not) brought into decision-making processes and the nature of different rights regimes (e.g. systems of law or customary rights) and their interactions. Particular attention should be paid to identifying why and how poor people are blocked from realising their rights, as well as what can be done about this.

- **Interactions between demand and supply** are also critical. This requires investigation of the channels through which rights can be contested or the 'political

space' between citizens and institutions (Rakodi 2002, Mary-Ann Brocklesby, pers. com.). When supply and demand are not aligned, what is the impact on the livelihood outcomes of various groups of poor people? And how does this affect other aspects of their livelihoods?

If rights are to be transformed into opportunities, analysis must be turned into action. On the demand side there may be ways of increasing poor people's voice. On the supply side, dialogue with partners may help secure greater respect for rights (especially those to which governments are already formally committed). When it comes to the interactions, helping to open up this political space and make it easier for poor people to claim their rights may be controversial, but it can make a significant difference to the livelihoods of the poor. Whether or not a difference is being made and whether poor people are achieving key rights and livelihood freedoms is certainly something that should be actively monitored.

Box 13 shows how CARE has tackled some of these rights issues and successfully brought its livelihoods and rights work together.

Box 13: CARE's emphasis on a rights-based approach

For CARE, the 'shift to a rights emphasis is a natural evolution of the people-centred way in which the Household Livelihood Security framework has been applied. A rights-based approach entails an even deeper grounding in respect for human dignity, and an acknowledgement that development is more about internal psychological and social processes of capacity building than it is about doing things for people.' Gender has provided a useful entry point into the rights area.

CARE has chosen to retain a livelihoods framework for its RBA. Rather than focus on a legalistic analysis of rights (where the emphasis is on state institutions and structures), CARE has chosen to adopt what it calls a relational rights-based approach. This emphasises the rights and responsibilities of all individuals and institutions. It has four key elements:

- participatory governance and the right to participate;
- promoting inclusive social and economic development;
- mutual accountability in respect of rights and responsibilities; and
- a holistic perspective focusing on understanding root causes, removing constraints and creating opportunities and choices for livelihood improvement.

Adoption of an RBA means that institutional mapping is expanded to include a broader range of responsible actors covering the wider spectrum of rights issues. The assessment also includes a component to help understand local perceptions of the legitimacy and/or value of these institutions.

Applying an RBA also changes what is an acceptable livelihood outcome. Livelihood freedoms – e.g. freedom from want, from fear, from discrimination, to obtain meaningful work – take on a new importance. The complexity of these issues may be one reason why CARE has found that it is much easier to measure impact when working with an SL approach than it is with a rights approach (Karen Westley, pers. com.).

Source: Drinkwater 2001, Jones 2001

5.2 *Developing a better understanding of governance and broader institutional issues*

A better understanding of rights and power issues will enrich overall thinking about governance and PIPs. But there are institutional issues that lie beyond this. The PIPs area of the SL framework is complex. It covers institutions and organisations with widely differing natures, community groups to national-level economic negotiations, for example. These may operate at different scales, from household institutions to trans-national regimes. It also covers dynamic processes and is constantly shifting, especially in politically unstable or conflict situations. How are all these issues best understood?

Discussion with local people reveals much about which factors are important to their livelihoods and is thus a good starting point for analysis. However, some find it useful to employ a checklist or graphic to provide structure and help ensure that critical issues are not overlooked. Annexes 2 and 3 contain a range of such graphics and checklists that users have developed to help them in this area (as well as few suggestions that have not been ‘field tested’).

Other recommendations for increasing the quality of analysis and dealing with the complexity in this area include:

- **Avoid undue focus on government or state organisations.** Most of the graphics in Annex 2 explicitly mention a range of different actors; this can help guard against the common tendency to pay too much attention to government organisations and institutions and too little to non-state issues.⁷ This tendency may be an indicator of the ‘provider focus’ noted above. It is worth thinking critically about areas in which state organisations should absent themselves in order to promote the sustainability of livelihoods (i.e. deregulating, rather than regulating). We should also enrich our overall capacity to understand markets and work with the private sector, as noted in part 4 above.
- **Keep the overall goal of sustainable livelihoods in mind.** In reference to policy-making, Frank Ellis notes: “The true value of SL ... is *not* to try to ‘take over’ this broad, macro, multi-faceted, policy arena (which it has little, if any, legitimacy for doing), but to emphasise the continuous significance of informing the macro strategies by reference to ... peoples’ experiences. In other words it is about forcefully making the micro-up-to-macro links, and not allowing the macro processes just to unroll as if their benefits to people at the community and household level were self-evident”. (Frank Ellis, pers. com.).
- **Do not neglect traditional types of analysis.** Shankland (2000) makes a strong case for supplementing people-centred SL analysis of policies with more ‘external’ investigation of how policy is made and policy content (what Shankland calls ‘policy-centred’ analysis). This can help show how great the gulf is between the ‘micro’ and ‘macro’ views of policy. It can also provide important indicators of where

Box 14: Understanding policy issues for livelihoods

Alex Shankland views people-centred policy analysis as an antidote to conventional policy analysis; the latter tends to focus on the actions or intentions of elites, rather than the perspectives of those affected by policies. However, he also sees a place for more traditional, 'policy-centred' analysis. When conducting such analysis we should recognise that:

- Policy is mediated by institutions and organisations; it is not at the same 'level' as them. To understand policy, we must therefore understand the institutions/organisations (local-level and up) that shape whether and in what form policy measures reach different groups of people.
- Different policy sectors tend to have their own characteristics, their own 'rules' and their own networks of actors.
- National policy statements act as a guide rather than a substitute for sector-specific policies.
- Policies that exist on paper but are not implemented should be identified as should uncodified policies which are nevertheless implemented.
- Policy statements are different from policy measures (laws, programmes, etc.). Not all measures are formulated in response to policy statements and some policies do not have any accompanying measures.
- Commitment (of financial and human resources) will vary by policy and can provide important signals about that policy.
- Champions of different policies/measures can be important, as can links between different policy measures.
- Policy affects different groups in different ways (here policy analysis is linked back to livelihoods analysis; large-scale surveys and aggregate data, if available, can help us understand how representative different livelihood groups are).
- Policy is important, but may not be the most critical factor (e.g. it could be climate or another PIP-related issue such as land tenure, caste discrimination, etc.).

See also Box 18 in Annex 3.

Source: Shankland (2000)

the leverage points for securing policy change might lie (people-centred analysis may be less helpful here). Box 14 provides further details of Shankland's work.

- **Do not neglect informal structures and intra-household and community issues.** While these may be very difficult to analyse, they can have a critical impact on the livelihoods of the poorest. Disempowerment can be as much a function of local institutions (e.g. traditions about how women should conduct themselves) as national governance structures.
- **Pay adequate attention to the meso-level and its links with micro and macro.** Khanya has found that regional policies, institutions and processes are extremely important. They act as the interface between the down-flow of national or federal policy and the up-flow of local aspirations and demands. However, these links are too often neglected in SL analysis and subsequent programmes of action.
- **Endeavour to capture the dynamism of this area.** SL approaches emphasise dynamism and the importance of understanding how people's livelihoods (and the PIPs which affect these) change over time. However, in practice, analysis has tended to be a little static, taking a snap-shot approach and failing to trace changes, especially

in the PIPs area. Insights into change inform our understanding of how livelihoods are evolving and also help show how changes which have positive effects on the livelihoods of the poor can be precipitated or supported.

Conclusion

Trying to gain an understanding of how policies and institutions shape people's livelihoods is a core focus of SL approaches. However, it is not sufficient simply to state that these are priorities. It is critical to keep up with current thinking and draw upon the rapidly accumulating experience of others.

A range of checklists and methodologies are now available to assist in thinking about the PIPs area of the SL framework and the importance of policy, governance and institutional issues more generally (see Annexes 2 and 3). Although these cannot provide a neat solution to overcome the inherent complexity of this area, they do shed light into what has been referred to in the past as the 'black box' of PIPs. When coupled with discussion of livelihoods issues with local people these provide a good road-map and options for moving forward.

SL approaches can also gain through building on recent work on rights and power issues. These concerns have long been felt to be under-emphasised in SL thinking. New thinking should help us understand ways in which existing power structures affect the livelihoods of different groups as well as how we can best assist poor people to claim their rights and begin to play a more active role as citizens and decision-makers. This should help guard against social exclusion and provide ongoing opportunities to assist with poverty reduction.

6 Concluding remarks

In the past four years, both SL thinking and practice have attained levels of sophistication that could not have been predicted in 1998. As a result there is now a large pool of valuable experience relating to SL approaches and poverty reduction and there are many sources of information available to users.

Indeed the scope of the material that is being produced on SL-related topics makes it hard to provide any really meaningful overview of where we are or what has been achieved. Instead, this volume has attempted to draw attention to some of the key strands of thinking in this area, to provide some indication of how users have met the challenges they have faced, and to point to possible adjustments that could make SL approaches more effective (Box 15). Although this may not satisfy all readers – particularly those who are looking for more practical assessments – it is hoped that it will stand as a useful point of reference for most.

Box 15: Increasing the effectiveness of SL approaches

The fundamental goal that DFID is pursuing in adopting an SL approach is to be as effective as possible in reducing poverty.

Current experience and thinking suggests the following ways of increasing effectiveness.

- Stress the normative aspects of SL approaches, including the importance of promoting inclusive development that respects human freedom and choice.
- Emphasise the need for users to go beyond SL tools and headings and think through to actual livelihood impacts for poor people.
- Deepen the emphasis on empowerment and the need to secure changes in social relations.
- Underline the importance of distinguishing between different groups of poor people, recognising especially the impact of gender on poverty.
- Make use of the SL framework when this helps with analysis. Adapt it as necessary to bring out the key issues or make it more relevant to local concerns. Never think of it as a blueprint or formula.
- Be prepared to use SL thinking in different ways – sometimes to enrich other approaches to development and poverty reduction and sometimes to provide a counter-balance to these.
- Be sure to pay adequate attention to market and private sector issues and the opportunities (and constraints) these represent for poor people.
- Actively seek new ways of understanding these and other complex issues in livelihoods.
- Do not dismiss more traditional forms of analysis that take a more external view of factors affecting livelihoods. These can provide important insights into poverty, its causes and ways in which it might be reduced.
- Continue to share experience and learn from others.

In conclusion, it is worth restating that SL is a way of thinking and an approach to development, not a clear-cut recipe for how we should proceed in our poverty reduction efforts. The multiple 'versions' of SL referenced in this volume are clear testament to this fact.

SL approaches have always relied on incorporating methods from other disciplines or areas of development (whether gender, stakeholder, political, economic or any other type of analysis). This need to learn from and work with others comes through clearly in the foregoing text. Areas that are highlighted as presenting new opportunities for mutual enrichment include economic and market analysis as well as broader thinking about governance and, in particular, rights and power issues. Areas in which SL practitioners are developing their own ways of working, and thereby adding to the tools available include gaining a better understanding of the roles of assets and of indicators of livelihood sustainability.

Finally, the flexibility and wide remit of SL should not be viewed either as an opportunity to criticise SL for not solving every problem or as an excuse for reducing SL to a bland set of headings. SL, and people-centred development activity more generally, remains a challenge. But it is hoped that discerning professionals will make the best of what has proven to be a useful approach to development. The priority is not to extend the use of SL but to ensure that we are living up to our oft-stated commitments on poverty reduction.

Endnotes

- 1 Karim Hussein and Kate Longley of ODI are currently working on review of the ways in which livelihoods approaches are used by operational agencies and researchers in situations of chronic political instability. Contact: karim.hussein@oecd.org
- 2 SL thinking is informing a wide range of research projects, especially those funded by the Natural Resources Policy Research Programme of DFID's Rural Livelihoods Department. Most of these research projects are aiming to improve livelihoods through making a contribution to policy change. Commonly the SL framework and explicit SL tools are used in the early stage of work, but it is really SL thinking – and particularly the quest to understand the actual impact of policies on livelihoods – that is the key distinguishing feature of these projects. While they are not necessarily conducting detailed analysis of livelihoods at a local level most do involve some degree of village-level livelihoods analysis in order to ground-truth analysis of policy impact. Many of the projects are analysing the effects of decentralisation on local livelihoods as well as the impact of particular power structures on policy outcomes.
- 3 The pattern can also work the other way around. In Uganda it was a 'good' PPA that set in motion an improved understanding of poverty, and greater questioning of how it was being addressed (leading to the PMA) (Alwyn Chilver, pers. com.).
- 4 SL approaches should not be thought of as a simple tool for collecting data; they have important normative dimensions (Koos Neeffjes, pers. com.).
- 5 Though it is noted that the different vocabularies of different areas of development activity – e.g. food security, livelihoods, vulnerability analysis – may still drive a wedge between users (Karim Hussein, pers. com.).
- 6 For those who reject the notion of rights being in any way instrumental, this may not be an acceptable course.
- 7 Jock Campbell (IMM Ltd.) reports that using the original DFID SL language of 'Transforming Structures and Processes' can also help users to think beyond government.

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Annex 1 Alternative SL frameworks

Figure 1: Agrisystems Sustainable Livelihoods Framework (re-drawn from the original)
 For more information contact Lisa Jones at lisa@agrisystems.co.uk

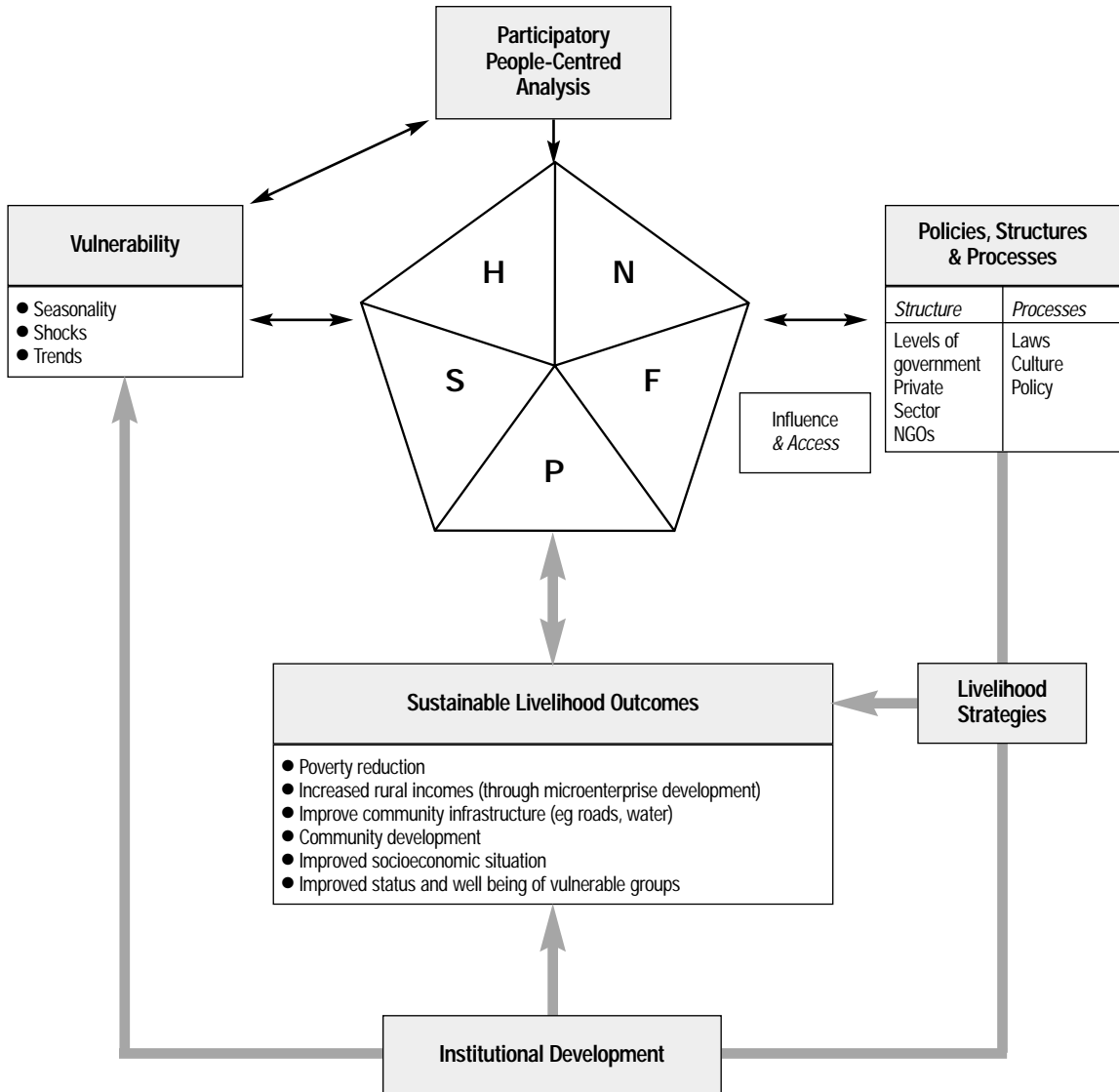
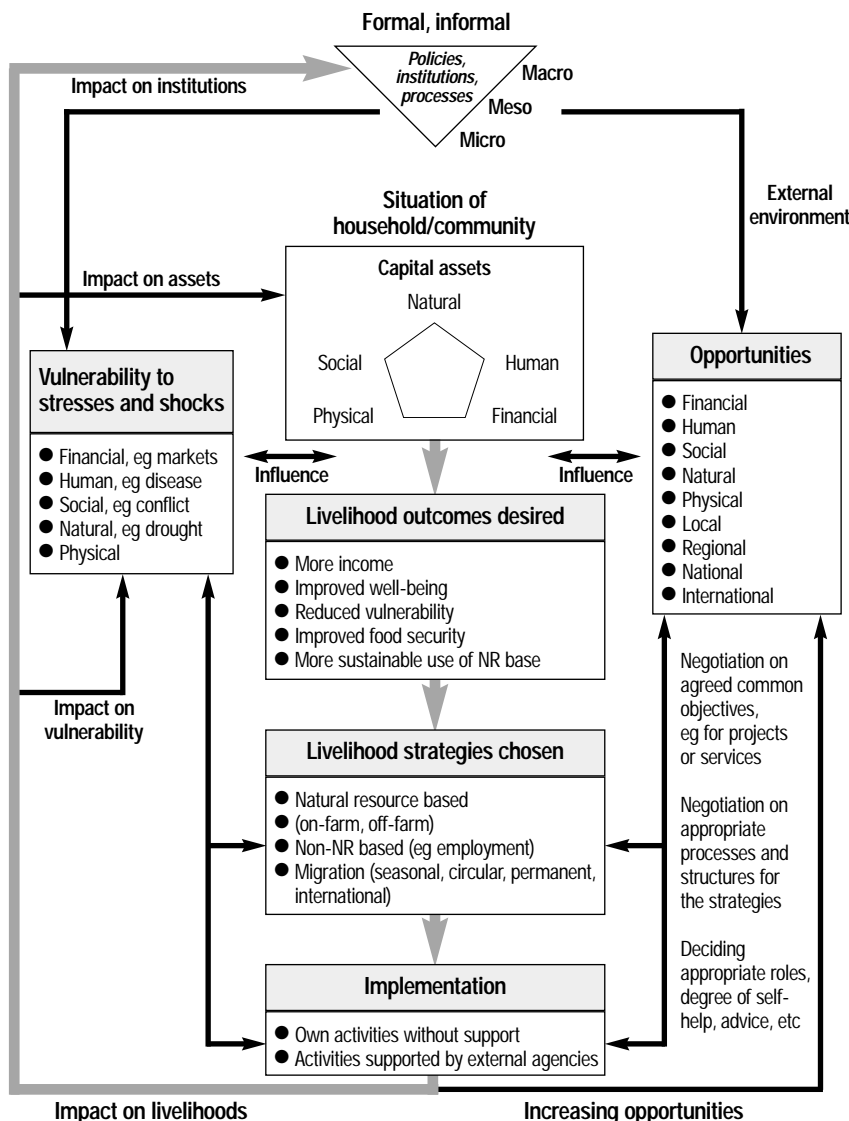


Figure 2: Khanya's SL Framework (re-drawn from the original)



N.B. Opportunities, for Khanya, are part of the external environment. People may or may not be aware of them. Their introduction facilitates the use of the SL framework with vision-based (as opposed to problem-based) planning and helps people to think beyond what exists at present. At an analytical level it also enables the SL framework to be linked with SWOT (strengths, weaknesses, opportunities, threats) analysis. In such analysis, assets would stand for strengths/weaknesses (good or poor access) and the vulnerability context would clearly be the threats.

For more information contact Ian Goldman at: goldman@khanya-mrc.co.za

Figure 3: Brazilian SL Framework (re-drawn from Gail Marzetti's original)

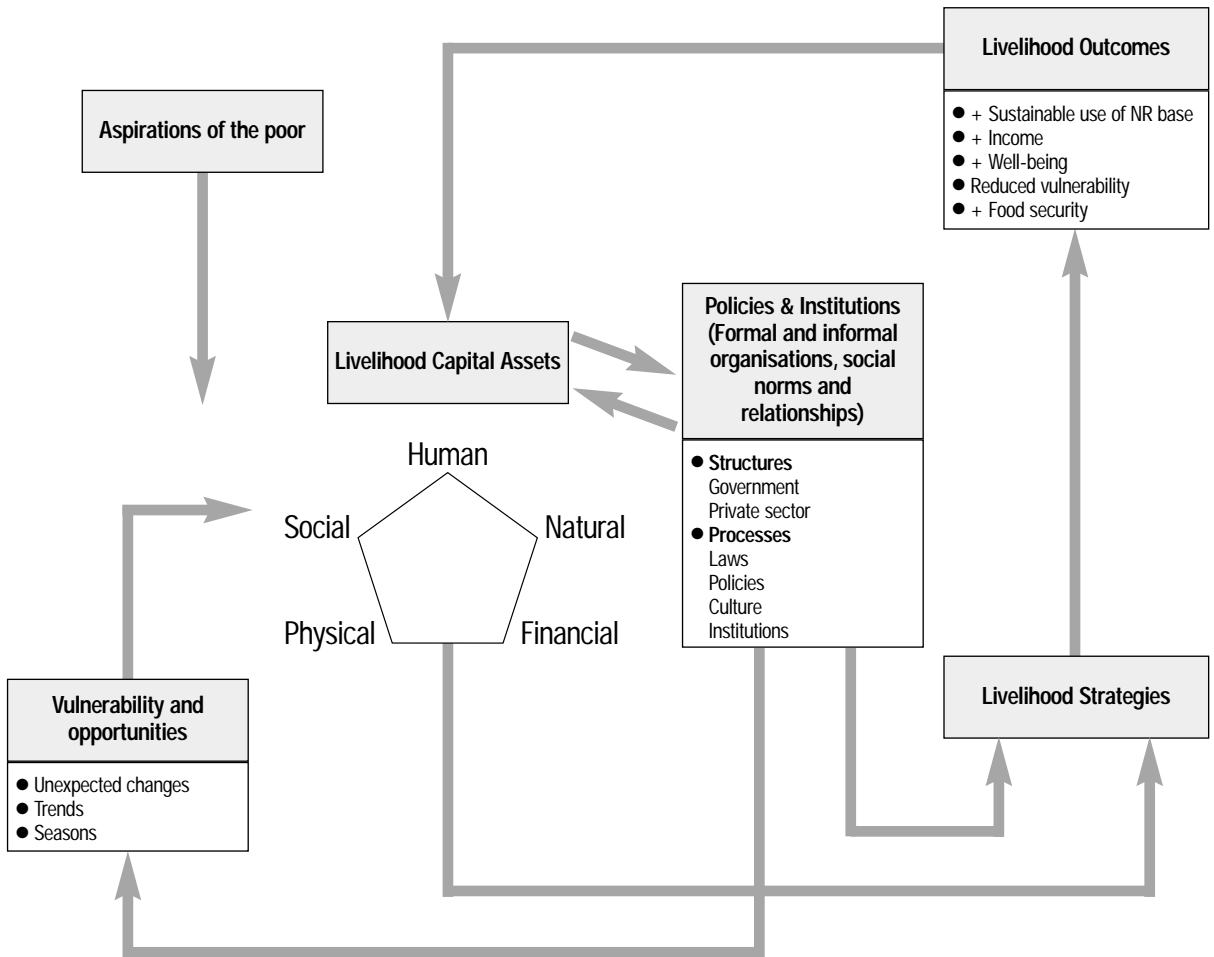
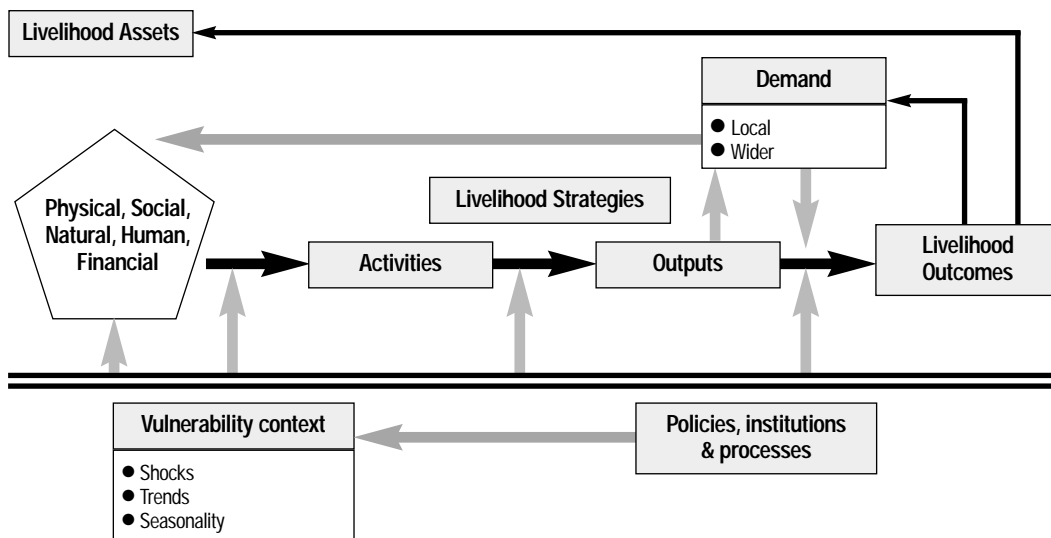


Figure 4: The Imperial College Framework (re-drawn from the original)



Extending the SL framework to include growth and linkages

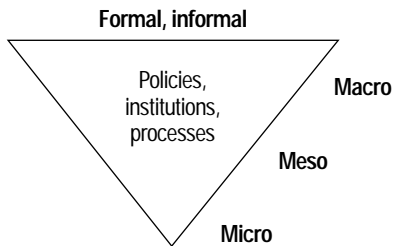
Dorward *et al.* found that it was not possible to represent the importance of 'engines of growth' in the rural economy and the role of linkages or multipliers in determining poverty impact with a simple 'add-on' to the SL framework. However, they were able to introduce the notion of demand as the diagram below shows. This is distinct from the structure and operations of the market which they have 'left' within the PIPs area.

Demand – either market or non-market – affects the relationship between outputs of livelihood strategies (which are broken into activities and outputs) and livelihood outcomes. Livelihood outcomes can also affect local demand (e.g. through consumption linkages), and demand may affect asset values and access.

A second modification is to link the vulnerability context and PIPs to show how both can influence access to assets, livelihood strategies and outcomes. (The feeling being that the original SL framework particularly understates the influence of the vulnerability context on strategies.) (Dorward *et al.* (2001b))

Annex 2 Alternative ways of thinking about policies, institutions and processes

Figure 5: Khanya's Basic PIPs Box



For more information contact Ian Goldman: goldman@khanya-mrc.co.za

Figure 6: Transforming structures and process: Unpacking the TSP Box
This (re-drawn) graphic is used by IMM Ltd. in analysing Transforming Structures and Processes
(their preferred terminology). For further information contact Jock Campbell: j.campbell-imm@exeter.ac.uk

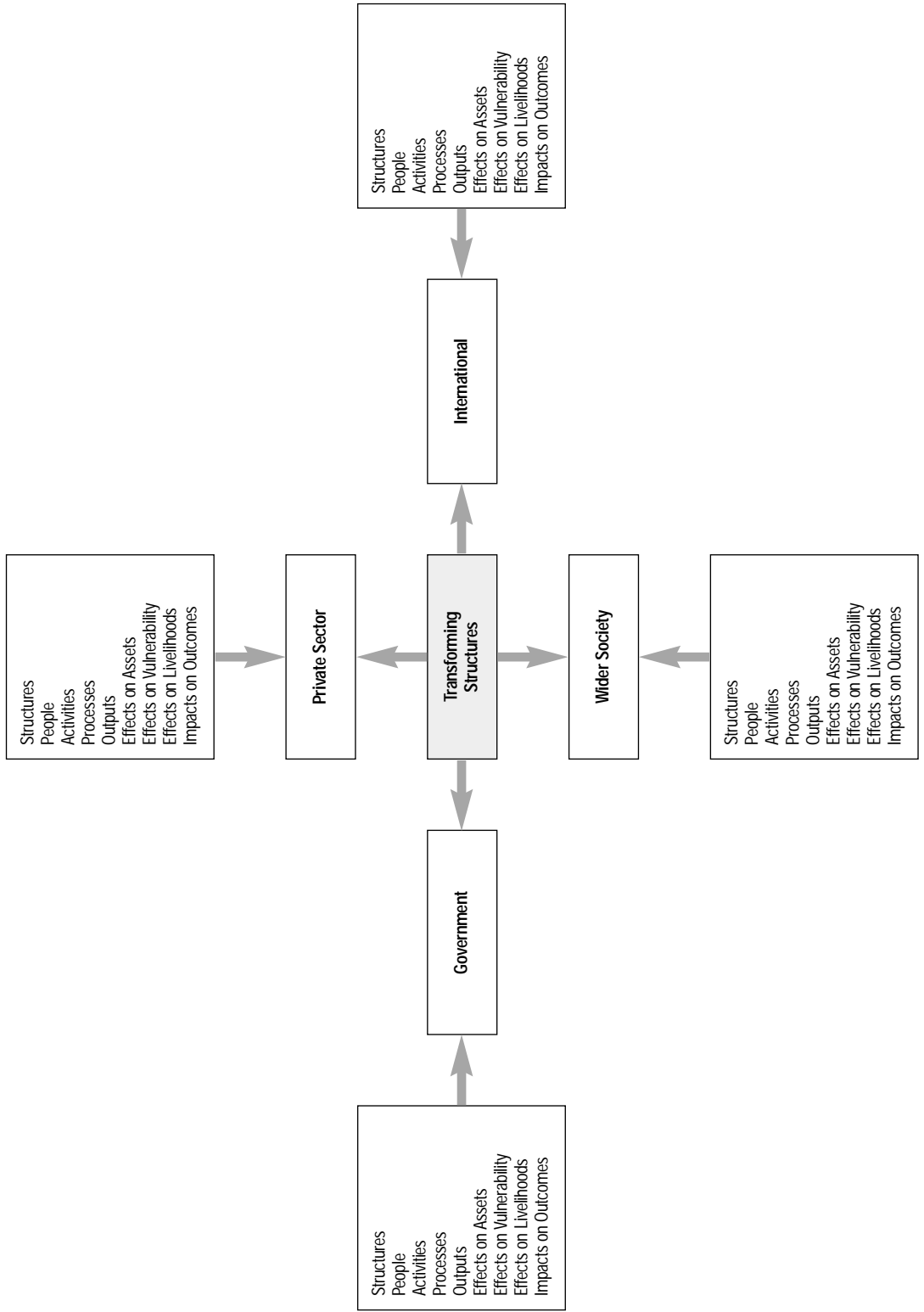
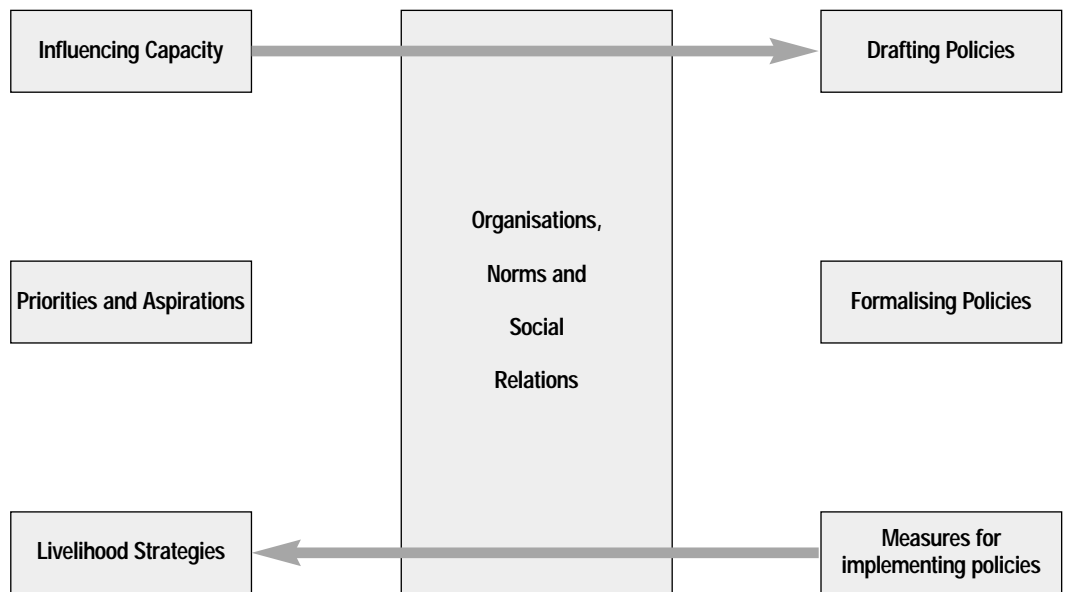


Figure 7: Brazilian PIPs Box (re-drawn from Gail Marzetti's original)



Annex 3 Questions developed by users

Box 16: The IDL Group's livelihood questions for community group discussions

The IDL Group has used the following set of questions to open discussions about livelihoods with a community (at present the questions are more applicable for a rural community, but they could be adapted for an urban community).

It finds these questions provide a useful insight into the real issues with which people are grappling and into the dynamism of livelihoods. The questions aim to capture relevant livelihoods information at a manageable level of detail.

- What are the comings and goings in the community?
- Is this a good year or a bad year and why?
- What is the most difficult time of the year for you and why?
- How do you manage during those months?
- What are things that people are talking about in the community at the moment? What is the gossip?
- Where do the young people hang out? What do they do/talk about?
- How are relationships with outside institutions these days?
- Who is the most helpful person that comes to the village?
- How is farming going these days?
- What are the bright spots?
- What has changed in the last few years?
- Who is getting richer? Can you think of a household that is better (worse) off now than a few days before? Why are they richer (poorer) now – what happened?
- Who is the richest person in the village – what makes them rich?
- What are your aspirations for your children?
- If you compare this community to a (inset a nearby community/village name) how is this one different – is it the same, richer, poorer and why?
- Is there anything else we should know about?

Box 17: Khanya's six key governance issues about sustainable livelihoods

South-Africa based Khanya has some of the richest experience in the application of SL approaches and principles. Khanya has developed the following set of key governance issues that it asks when trying to understand institutional issues in an SL context.

Micro level

- Are rural people active and involved in managing their own development (claiming their rights and exercising their responsibilities)?
- Is there a *responsive, active and accessible network of local service providers (community-based, private sector or government)*?

Meso level

- At local government level (lower meso) are services facilitated, provided or promoted effectively and responsively, coordinated and held accountable
- Is the region/province (upper meso-level) supportive and supervising the districts?

Macro level

- Is the centre (province or nation) providing strategic direction, redistribution and oversight?
- Are international institutions and processes helping to promote the capacity of nation states to take on the strategic roles to eradicate poverty?

These questions provide a focus that helps in understanding PIPs and how current interventions promote or hinder effective PIPs. Khanya has identified particular problems at the meso level. Because of the role that this level plays in linking the local to more macro planning structures, and particularly in delivering services, this is a key concern.

Box 18: Shankland's checklist for analysing policy for sustainable livelihoods

Part 1: Livelihood priorities

Who and where are the poor?

What are their livelihood priorities?

What policy sectors are relevant to these priorities?

Part 2: The policy context

What is policy in those sectors?

Who makes policy in those sectors?

What is the macro policy context?

Part 3: Policy measures

What measures have been put in place to implement each policy?

What are the characteristics of these policy measures?

Through what institutions and organisations are these measures channelled?

Part 4: Policy in the local context

In what shape do these institutions and organisations exist locally?

What other institutions and organisations affect local responses to policy?

What other local institutions and organisations might policy affect?

Part 5: People and policy

What resources can poor people draw on to influence policy?

What opportunities exist for poor people to influence policy directly?

What opportunities exist for poor people to influence policy indirectly?

Source: Shankland 2000 (p.22)

Box 19: Imperial College questions for analysis of livelihoods and markets

These questions were developed for use in rural areas and to understand agricultural markets, but are also applicable elsewhere.

- Who are the poor, what are the assets that they hold, what activities are they engaged in, what are their aspirations and livelihood strategies?
- What markets are important for the livelihoods of the poor (or should be important for them) now or in the future, directly or indirectly?
- How well do these markets currently serve the poor, in terms of ease of access, security of access and conditions of access?
- How do these markets fit into supply and value chains? How do these chains operate: where are the constraints, where are the high returns being made?
- What stakeholders are involved in these markets and what are their roles, their interests, their strengths, weaknesses, opportunities and threats (SWOTs)?
- What are the barriers to entry and the transaction costs and risks for different stakeholders?
- What is the institutional environment like and what are its effects on key markets– is it enabling or disabling? How could these be developed or modified to improve market access for the poor?
- What institutional arrangements are currently in place? Why are they in their current form? How could these be developed or modified to improve market access for the poor?
- How are these markets changing and how are they likely to change as a result of wider, external processes of change? What opportunities are there for support to wider process of growth?

The process should also take account of

- The need to consider issues in different sectors and the varying interests and responsibilities of different donors, federal and state agencies, NGOs and private sector agents in those sectors (important sectors here may be transport, telecomms, governance, finance, and broader trade and macro- policy, in addition to agriculture);
- different types of action and roles that DFID may take (for example advocacy, technical assistance, investment, and coordination);
- the different roles, resources and constraints of government (federal, state and local authorities and parastatals), civil society, private sector and donor agencies and of course of the different groups among the rural poor themselves and the importance of partnership and participation by different stakeholders in this process.

Source: Dorward 2001

Box 20: Oxfam's three steps to achieving access, power and fair prices for poor people

Steps	Questions/considerations	Approaches/tools
<p>SL analysis: (Identify "strategic" markets in SL context and understand livelihoods significance)</p>	<p><i>At household/community level:</i></p> <ul style="list-style-type: none"> ● Where do goods / services come from? Who provides these? ● What is cash spent on? What are lump sums used for? ● What markets are significant, as production outlets, sources of employment or for consumption? ● Which markets are especially "strategic" for welfare? What happens when markets can't deliver? Safety nets? ● How do women's market participation differ from men's? ● What assets does effective market participation require? Which of these assets help increase market returns? ● What risks or vulnerabilities does market participation bring? ● How are strategic markets linked with other markets? 	<ul style="list-style-type: none"> ● SL Framework ● PRA/PPA ● Gender analysis ● Market survey
<p>Market analysis: (Understand market characteristics, structures of supply/demand and sources of market power)</p>	<p><i>Across local, national and international levels:</i></p> <ul style="list-style-type: none"> ● What is the geographical extent of a market? How integrated is it? How often do transactions occur? What are long-term trends in the market? What linked markets are relevant? ● What are the characteristics of the supply-chain? Where is value added? Who bears what risks? What economic roles do women / men play? Are these different? ● What affects price in the market (market power) – Supply/demand? Entry/exit costs? High fixed costs? Differentiation? ● Is the market supported by an effective enabling framework (e.g. macro-economic policy, legal rights, accountable representation, conditions for trade)? Is this enforced? ● What actual or potential market failures are at work (e.g. lack of public goods, externalities, effective monopoly)? Who is excluded from the market and why? 	<ul style="list-style-type: none"> ● Market survey ● Value-chain analysis ● Business modelling ● Marketing studies ● Gender analysis ● Institutional analysis
<p>Entry point analysis: (Identify actors and strategic areas of intervention)</p>	<p><i>Across all levels:</i></p> <ul style="list-style-type: none"> ● What changes in policies, practices, ideas and beliefs are required to bring about an equitable, pro-poor market structure, and/or to ensure market-based strategies result in sustainable livelihoods? ● How will these changes affect people's lives in the short-, medium- and long-term? Are poor people themselves involved in this analysis? ● What actors and organisations must be targeted? Who can pressure / leverage for change? ● What interventions, at which levels are most likely to achieve required changes? 	<ul style="list-style-type: none"> ● Livelihoods analysis (above) ● Market analysis (above) ● Context analysis ● Institutional SWOT analysis

In 1998 the UK Department for International Development (DFID) began exploring the meaning and practical application of sustainable livelihoods approaches to development and poverty elimination. This is the third 'overview' volume about sustainable livelihoods thinking and practice produced by DFID. Its aim is to update readers on thinking and to indicate areas in which there might be room for a change in emphasis or new ways of approaching old challenges.

The diversity of uses and users of sustainable livelihoods approaches is a key strength. The text provides numerous references and examples of ways in which sustainable livelihoods approaches have been operationalised. Once again it is hoped that this will stimulate new thoughts and more dialogue on ways in which we can become more effective at reducing poverty.