

Approaches to Sustainable Livelihoods for the Rural Poor

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This series of Poverty Briefings aims to provide up-to-date insights on the issue of poverty, including the state of current understanding or opinion. Each paper covers new as well as old thinking on the issue, areas of debate, new approaches which are being tried, the options available, and the recent findings of research and experience.

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The picture in brief

After decades of limited success in eliminating rural poverty, new ideas about rural development are emerging. A number of prominent agencies are currently revising their rural development strategies in broadly similar directions.

So-called 'livelihoods approaches' work with people, supporting them to build upon their own strengths and realise their potential, while at the same time acknowledging the effects of policies and institutions, external shocks and trends. The aim is to do away with pre-conceptions about what exactly rural people are seeking and how they are most likely to achieve their goals, and to develop an accurate and dynamic picture of them in their environment. This provides the basis for identifying the constraints to livelihood development and poverty reduction. Such constraints can lie at local level or in the broader economic and policy environment. They may relate to the agricultural sector – long the focus of donor activity in rural areas – or they may be more to do with social conditions, health, education or rural infrastructure.

In their recognition of the complexity of rural life, the new approaches open up a fresh agenda for external support. Whether or not this support can be accurately targeted to reduce poverty depends upon a number of factors, not least the flexibility of development agencies and their partners. These organisations usually operate and allocate resources along sectoral lines; the new approaches stress the need to cross these lines and to be more flexible about the way in which money is spent.

Some challenges for advocates of livelihood approaches

- The new approaches have appeal. They build upon the lessons of past rural development efforts and the findings of various research studies. However, they will not become compelling until they have proved their worth at a practical level. The priorities are to develop tools for their implementation and accurate ways of measuring the contribution that they make.
- Food security remains a key concern. Over 850 million people in the world are undernourished. It is therefore important to ensure that the new approaches contribute to improved agricultural productivity and that they help increase the poor people's access to food.
- Resource degradation is an acute problem in rural areas. The new approaches stress the importance of sustainability. Sustainable rural livelihoods can only be achieved if natural resources are themselves used in sustainable ways. Maintaining objectivity in decisions about what constitutes sustainable use is likely to be an enormous challenge, particularly in areas where people are already extremely vulnerable and have few options other than increased use of resources.
- Livelihoods approaches have little to say about distributional issues, though there is an implicit assumption that the emphasis will be on the poorest. It will be important to ensure that this focus is maintained by the incorporating broader lessons about reaching the poor into livelihoods analysis.

I. Background and balance sheet

About 70% of the world's poor live in rural areas. Though urban poverty is rising, the correlation between poverty and remoteness from urban centres is strong in most countries and it is expected to remain so until at least the second decade of the next century. Clearly therefore the International Development Target of halving the number of people living in extreme poverty by 2015 will be achievable if the problem of rural poverty is confronted head-on.

Rural people are not only isolated from economic opportunities. They also tend to have less access to social services such as health, sanitation and education; for example, it is estimated that around 1 billion rural households in developing countries lack access to safe water supplies. Moreover, knowledge of rights and information about the way governments function is notably lacking in rural areas. This makes it hard for rural people to exert pressure for change in systems which have often actively discriminated against them both in the allocation of resources and in pricing policies for their produce.

This does not mean that rural areas have been neglected. Donors, in particular, have poured in money, mostly in the form of support to agriculture and natural resources. Indeed, the tacit equation of 'rural' with 'agricultural' has been a defining feature of donor support over the past half century. Because it was held (and confirmed by many empirical studies) that in rural areas a) the poor are small farmers and b) agriculture acts as the engine of growth, investing in agriculture has long been seen as a means of simultaneously addressing both growth and equity issues.

In the 1950s–60s the focus of donor attention fell on increasing the production of staple crops through investment in agricultural research and related technical services. This was the basis for the 'Green Revolution', which was highly successful although its benefits tended to be skewed towards richer

farmers and more favourable environments. Most developing countries were struggling at the time, struggling to achieve food self-sufficiency and were emphasising import substitution. In the agricultural sphere this translated into supply-driven policies and parastatal monopolies of both input supply and output marketing. Low farmgate prices for food crops and overvalued exchange rates supported urban activities at the expense of agriculture.

In the 1970s when the economic conditions faced by farmers changed relatively little, donor spending patterns shifted quite considerably. This was the decade of 'integrated rural development' (IRD), a policy response to the recognition that income generation would remain important and that increased crop yields would not alone solve rural problems. For the first time the complexity of rural life was taken into account. New donor projects encompassed social services and infrastructure in addition to agricultural production. However, the economic environment for rural people remained adverse. Producers commonly received less than half the world market value for their export crops. While they were, in theory, 'compensated' through subsidies on fertiliser and credit, the value of these was most often captured by the richer farmers as their poorer counterparts used few inputs and had less access to subsidised services. This situation was one reason why IRD projects underperformed. They were over ambitious and complex. They established their own cumbersome bureaucracies and were driven top-down, often with scant regard to local circumstances and few links to local government structures.

It was not long before the approach became discredited – and perhaps too roundly dismissed, as we shall see below. The 1980s saw the beginning of efforts to reform or 'adjust' the agriculture sector. At first this meant making state enterprises more efficient, but by the late 1980s the emphasis was on economic liberalisation and privatisation. The sums of money committed to this cause increased rapidly; in 1988 the World Bank alone committed over \$1bn in agricultural adjustment loans. At the project level disillusionment with the 'top-down' approach of IRD translated into a new focus on participation, NGO-implemented projects and bottom-up development. Technological change was still considered by many to be the basis for increasing rural prosperity, but donors were now pushing 'farming systems' approaches, aimed at providing a better understanding of core interactions at the farm level and leading to more useful research results.

The rural development agenda of the 1990s has been characterised by two main themes: a strong emphasis on the environment and the protection of natural resources and a continued focus on macro policy, liberalisation, the role of government in relation to the private sector and the importance of effective public management (a particular concern of advocates of agriculture sector programmes). Superimposed upon these themes has been a renewed concern about world food supplies. Fears have been raised by falling aid budgets for agriculture (from a high of \$12bn–16bn in the late 1980s to around \$10bn in the mid-90s (FAO, 1996)), accelerating rates of resource degradation (nearly 40% of global cropland is now classified as degraded), and a price fall for food crops in 1995. Organisations like the FAO (at its 1996 Food Summit) and the International Food Policy Research Institute (in its 2020 Vision) have stressed the need for new investment in both the technical and the policy dimensions of agriculture in order to keep up production and extend access to food to the poorest sections of the population. While this may not yet have elicited the hoped-for response (support to agriculture, broadly defined, has stabilised rather than grown significantly), it has at least refocused attention on the problems of the rural poor.

The record is therefore mixed. The proportion of rural people classified as living in poverty decreased in 41 countries between the mid-1960s and 1988 but increased in 23. Notable successes, such as the yield increases of the Green Revolution, have been offset by notable failures such as collapsed rural credit schemes and research and extension systems which remain dysfunctional despite enormous investment over the years. For example, a 1994 review of World Bank (1994) extension projects found that 90% experienced recurrent cost funding problems and 70% were probably not sustainable. Since the Bank committed over \$1.4bn in new loans to extension during the period 1987–93 the magnitude of this underperformance problem was significant.

Most worrying is the fact that many of the old problems still remain. Rural people, especially in Africa, still suffer from inadequate public services, underdeveloped markets, poor communications infrastructure and poor health and education. Civil conflict and war continue to threaten their livelihoods. And the 'old' problems are now compounded by declining rates of yield growth, increasing conflict over natural resources and accelerating resource degradation. Again, the situation is worst in Africa, around 38% of worldwide cropland is affected by human-induced soil degradation, but 65% in Africa.

II. New approaches

Nonetheless there are grounds for optimism. Thinking on rural development is evolving again, building on lessons from its own past and insights from recent poverty assessments. It sees new links with other areas of development activity; at the heart of the change is a renewed focus on people and particularly poor people, in rural areas. While the assumption has long been that rural development activities benefit people, the immediate focus of donor and government efforts has often been on either the resources themselves (forests, fisheries, agricultural land) or the structures that provide services to resource users (most often, research and extension organisations or, in the case of agriculture sector programmes, Ministries of Agriculture). Inadequate attention has been paid to the complexity of rural livelihoods and the multiple dimensions of rural poverty (their causes and effects). Those who have made the greatest efforts in this direction have tended to focus on just one aspect of household activity (e.g. farming systems), while NGOs which have done valuable work at local level, tend to neglect the importance of the external policy and institutional environment in overcoming poverty.

The new livelihoods approaches are attempting to address these problems by delinking the concepts 'rural' and 'agricultural' and widening the scope of rural development activity. They see sustainable poverty reduction as achievable only if external support works with people in a way that is congruent with their existing livelihood strategies and ability to adapt. This entails analysis of:

- the context in which (different groups of) rural people live, including the effects upon them of external trends (economic, technological, population growth, etc.), shocks (whether natural or man-made) and seasonality;
- their access to physical, human, financial, natural and social assets and their ability to put these to productive use;
- the institutions, policies and organisations which shape their livelihoods; and
- the different strategies they adopt in pursuit of their goals.

The approach is non-sectoral. There is no implicit assumption that rural people are farmers, foresters or fisherfolk. The goal is to learn from them about the often highly varied activities they undertake to sustain their livelihoods and to identify their most pressing constraints and most promising opportunities, regardless of where (i.e. in which sector or geographical space) these occur. Much of this information will need to be collected at local level through the use of focused participatory tools. However, it will clearly be necessary to go beyond this level to gather appropriate information on relevant policies, institutions and organisations and to link this back to people's livelihoods.

A major cause for optimism about the new approaches is that they have reawakened interest in rural development. With an undistinguished performance record, donor budgets for agriculture have been falling (none more dramatically than USAID's which fell from \$1.2bn in FY1986 to an estimated \$240m by FY 1997). While innovation continued at a project and programme level, learning was highly fragmented. There was no unifying framework to coordinate new ideas, including those learnt in other sectors and areas of development activity. Livelihoods approaches, with their holistic outlook and their emphasis on both the social and the economic dimensions of rural life, endeavour to explain key causal relationships and influences but in such a way that the information remains manageable. Key strengths are the following:

- They project a far truer picture of rural life and rural poverty, thus making way for better targeted poverty-reducing interventions. Recent studies have revealed that most rural households rely on multiple income sources and adopt a range of survival strategies (including various types of migration and

straddling, whereby some members stay in rural areas while others live semi-permanently in urban areas). It is hardly surprising that the focus of previous rural development policies on natural resources and their use has failed to maximise rural opportunities.

- They recognise the importance of multiple actors (from the private sector to national-level ministries, from community-based organisations to the new decentralised government bodies), thereby widening the range of potential partners.
- They make a serious effort to understand the national and international linkages and the effect these have on people's livelihoods. In the past, the physical isolation of rural areas has led to the view that these linkages had little relevance. By contrast, the new approaches emphasise the importance of macro-level policy and institutions to the livelihood options of local communities and individuals, including the very poorest. They also stress the need for higher-level policy formulation to be based upon insights gained at the local level.
- They emphasise the multi-faceted notion of sustainability. In rural areas sustainability is often associated with natural resources, which are clearly important but not the only aspect of sustainability which is important. Livelihoods approaches have learnt from participatory assessments that vulnerability is a core dimension of poverty. Reducing vulnerability – helping people to develop resilience to external shocks and increase the overall sustainability of their livelihoods – is therefore a priority.

III. Some concerns

The new approaches to rural poverty alleviation are so recent that a coherent critique has yet to emerge. Concerns have been expressed, however. The first is that the livelihoods approach is simply IRD under a new name. It is easy to see why; the two approaches have much in common. However, advocates of the livelihoods approach argue that it is possible to build upon the strengths of IRD (especially its recognition of the need for broad-based support) without falling into the same traps. In particular, the livelihoods approach does not aim to establish integrated programmes in rural areas, but targets a few core building blocks like agricultural production, income diversification and infrastructure, which it keeps manageable with the help of thorough analysis of existing livelihoods and a bottom-up planning process ([see table 1](#)).

A second area of concern is that the approach is over-ambitious and offers insufficient practical guidance on the way forward. While the holistic approach is intuitively appealing, questions are being asked about how the initial analysis should be conducted (level of resources? types of data? how collected?) and how to make the step from analysis to action. The challenge is to develop practical and cost-effective tools for the various linkages in rural life, such as the links between agricultural production and processing and the less familiar areas of land or taxation policy and their effects on production and links to small business and to relate all this to the existing repertoire of rural development tools (e.g. participatory appraisal, stakeholder analysis). Until this has been done, livelihoods approaches will remain very vulnerable to criticism.

Third, there are worries about whether it is possible to transcend sectors in the way the livelihoods approach proposes. Both partner countries and donor organisations themselves tend to be organised along sectoral lines. Budgets are allocated in this way and efforts to cross sectoral boundaries have often proved fruitless. It remains to be seen whether the new approach will prove sufficiently compelling to overcome these structural problems.

Fourth, the approach is equally applicable to rich and poor, and critics fear that enthusiasm for it will distract attention from the critical distributional issues currently facing donors committed to the International Development Targets. However, there is an assumption that the new approach will be employed to target support to the poorest and may also provide some solutions for the 'low potential' or 'less favoured' areas, which have been under-emphasised in purely agricultural assistance strategies because of the difficulty of raising production under adverse biophysical conditions.

Finally, while many welcome the 'divorce' of agriculture from rural, others, including some donors like the European Commission, USAID and CIDA reject this change. They point to the continued importance of agriculture (it still accounts for c.30% of the GDP of developing countries as a whole) and the need to feed a rising global population. Advocates of the livelihoods approach believe agriculture will always remain the mainstay of rural areas and support will be better targeted (for example, that overall policy and institutional constraints will be addressed rather than trying to provide 'stop-gap' technical solutions). Also by assisting those who wish to diversify out of agriculture its overall productivity levels will rise.

It is too early to draw any conclusions about the poverty reduction performance of the new approaches. However, the revived debate is encouraging, as is the incorporation of insights from participatory poverty assessments and social and institutional analysis. It is now critical to develop the practical aspects of the new ideas. The approach is already being used in many DFID and Oxfam projects and the UNDP is institutionalising it in Malawi, Swaziland and Yemen. Monitoring these and other early efforts will be important. Positive results are always the best ambassadors for new ideas.

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