

Introduction

The purpose of these *Key Sheets* is to provide decision makers with an easy and up-to-date point of reference on issues relating to the provision of support for sustainable livelihoods.

The sheets are designed for those who are managing change and who are concerned to make well-informed implementation decisions. They aim to distil theoretical debate and field experience so that it becomes easily accessible and useful across a range of situations. Their purpose is to assist in the process of decision-making rather than to provide definitive answers.

The sheets address three broad sets of issues:

- Service Delivery
- Resource Management
- Policy Planning and Implementation

A list of contact details for organisations is provided for each sub-series.

DFID is committed to poverty reduction. In order to be effective in achieving this aim it is necessary to develop both a clear understanding of what constitutes poverty and a practical implementation strategy for efforts to reduce it. This series of *Key Sheets* focuses on providing support to the implementation process. Its aim is to help improve the quality and performance of poverty-focused development activity by helping to ensure that those who are involved in decision-making, planning and execution are well informed.

These *Key Sheets* do not represent a policy statement on the part of DFID, nor do they try to provide conclusive answers to the many questions that arise during implementation. Rather, they aspire to impartial presentation of the issues that should be taken into consideration. Their aim is to stimulate users' thinking and to encourage decision-makers to consider all relevant aspects of involvement in any given area. It is hoped that this open and issue-oriented agenda will increase the quality of development dialogue and that it might go some way towards improving the overall co-ordination of development activity.

Different users are expected to refer to the sheets in different ways. Some will use them as 'checklists' of the issues that should be addressed during planning. Others might use them to help decide what type of specialist expertise is required in a given area and who should be brought into the planning and execution process. Though the *Key Sheets* were initially developed to serve the needs of donor personnel, it is hoped that they will also be useful to others. Nevertheless, while they always aim to achieve clarity and avoid unnecessary jargon, they do take as given a certain level of knowledge about the underlying principles and language of development. They are therefore unlikely to meet the needs of 'absolute beginners'.

The wide range of different subjects addressed in the sheets reflects the diversity of factors that impact upon livelihoods and the variation that is evident in livelihood strategies. The sheets are organised in three sub-series:

- Service Delivery
- Resource Management
- Policy Planning and Implementation

The sub-series are colour-coded for ease of reference; each has its own numbering sequence. A sub-set of the sheets are co-financed with NEDA, the Netherlands Development Assistance. These are clearly marked with the NEDA logo on the front page.

Current sheet titles are predominantly rural, due to the origins of the series in DFID's Natural Resources Policy and Advisory Department. It is expected that the scope of the sheets will be expanded over time to reflect better the diversity of activities that constitute livelihoods. Individual sheets will be added to the series while existing sheets will be updated as the need arises. (Suggestions for new *Key Sheet* subjects or revisions of existing sheets should be submitted to the DFID address on the back page of this sheet.) This Overview sheet accompanies the third batch of *Key Sheets* and replaces the Overview sheet distributed with the first batch of sheets (dated November 1997).

The sheets are designed with ease of use as a priority. Each sheet provides:

- an overview of recent debate on the topic in question;
- an analytic synthesis of the key issues in decision-making;
- a short list of key literature for further reference;
- a list of institutions/individuals with particular expertise in the policy-related aspects of the sheet topic; and
- a list of relevant DFID (and NEDA where the sheets are co-financed) project and research experience to facilitate horizontal information flows and shared learning.

For each sub-series a full list of contacts is provided, enabling users to follow up in more detail the issues and questions raised in the sheets. A number of the contact people have provided very useful comments on and input into the *Key Sheets*. However, it should not be assumed that contact people and organisations are in full agreement with the text of the individual sheets. Final responsibility for this rests with DFID/ODI (and NEDA where co-financed).

Sustainable livelihoods and poverty reduction

The promotion of sustainable livelihoods – the theme that unites this series of *Key Sheets* – is one way of achieving poverty reduction. Concepts of poverty have evolved over the decades.

- **Before 1970** poverty was largely defined in economic terms, as a lack of income or Gross National Product per capita.
- **In the 1970s** the concept of basic needs evolved. Basic needs included access to certain consumer goods as well as to collective goods (such as education and health services), and broader elements of well-being.
- **In the 1980s** the basic needs approach was partially abandoned and more general interpretations of well-being gained ground. People's ability to fulfil various functions and to develop and deploy their capabilities were considered to be critical dimensions of poverty. New thinking emerged on both 'entitlements' to resources and the vulnerability of poor people to changes in the ecological, economic and political environment. It was recognised that poverty is a relative concept that is intimately connected with political, moral and cultural values in a given society and the condition of 'social exclusion' relates to all these.
- **In the 1990s** poverty – and the processes that lead to poverty – are conceived as multi-dimensional (economic, ecological, social, cultural, political) and highly context-specific. The poor are no longer considered to be a homogenous group. Poverty Assessments have evolved, moving beyond the characterisation of poverty and towards the analysis of the processes that cause poverty at various levels.

The 1999 OECD/DAC scoping study – *Donor Poverty Reduction Policy and Practices* – shows that governments and donors conceptualise poverty in different ways. However, it also stresses that there is common agreement as to the importance of understanding the root causes and context-specific processes (at the macro, meso and micro level) that lead to poverty amongst certain groups. Unless these are understood, it will not be possible to design appropriate policies and strategies for poverty elimination.

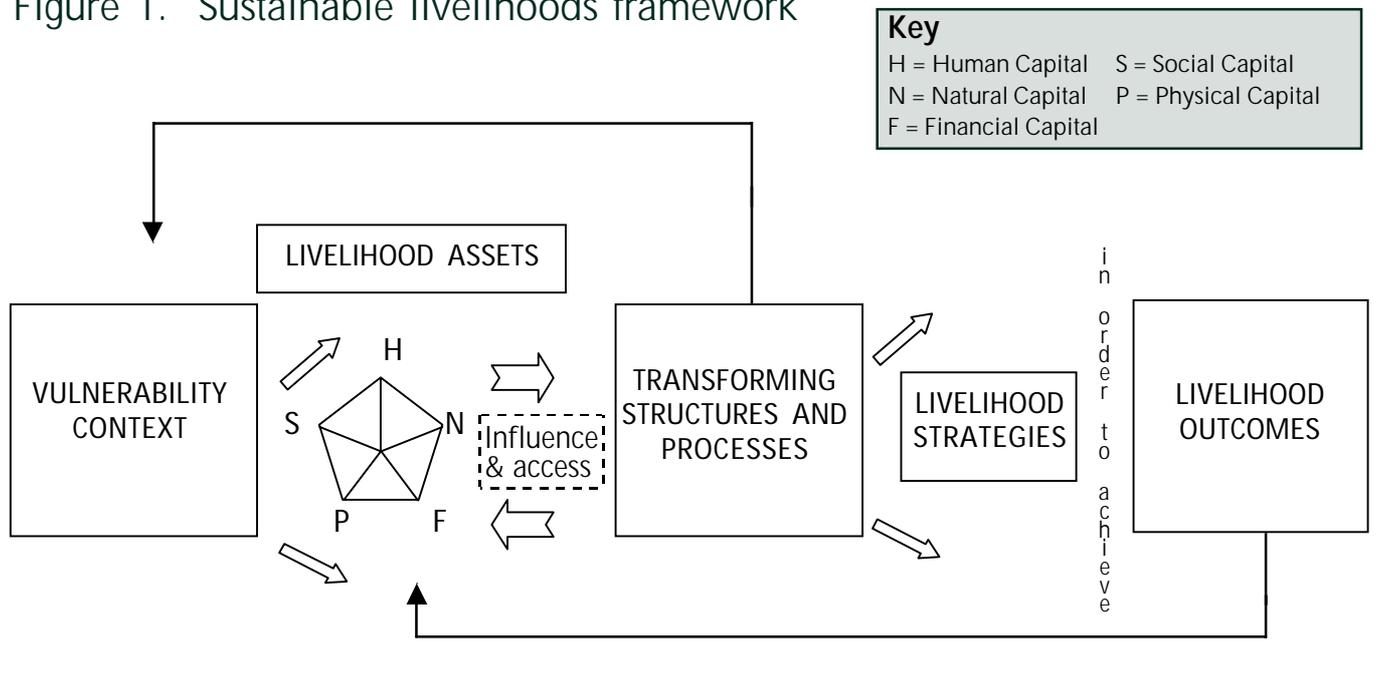
The sustainable livelihoods approach provides an analytical framework that promotes systematic analysis of the underlying processes and causes of poverty. It is not the only such framework, but its advantages are that it focuses attention on people's own definitions of poverty and it takes into account a wide range of factors that cause or contribute to poverty. These are shown schematically in Figure 1, a framework that helps provide structure to debate and analysis, enabling multiple stakeholder perspectives to be taken into account in the identification of practical priorities for action. It should be noted that the framework itself is distributionally neutral and equally applicable to the rich and the poor. In order for it to act as a tool for poverty reduction, it is vital that those employing it – and those using these *Key Sheets* – share:

- a commitment to poverty elimination that extends to developing a meaningful dialogue with partners about how to address the underlying political/economic factors which perpetuate poverty; and
- the ability to recognise deprivation in the field even when elites and others may want to disguise this and skew benefits towards themselves (this will require skill and rigour in social analysis).

Key characteristics of the livelihoods approach to poverty reduction are that:

- It focuses attention on **people's strengths**, the various assets on which they can draw to achieve their objectives.
- It **crosses traditional divides** between rural and urban areas and between various sectors (e.g. between productive activities and the social sectors).
- It is **applicable across geographical areas and social groups**.
- It recognises **multiple influences** on people, and seeks to understand the relationships between these influences and their joint impact upon livelihoods.
- It recognises **multiple actors** (from the private sector to national level ministries, from community based organisations to newly emerging decentralised government bodies).

Figure 1. Sustainable livelihoods framework



- It acknowledges the **multiple – and changing – livelihood strategies** that people adopt to secure their livelihoods.
- It seeks to achieve **multiple livelihood outcomes**, to be determined and negotiated by people themselves. Where these conflict (i.e. where outcomes have mixed positive–negative consequences or where some people gain and others lose) it will be necessary to make trade-offs. The framework helps to make these explicit and open them up for discussion.
- It emphasises **multiple dimensions of sustainability** (environmental, social, institutional and economic) and recognises that there will be difficult decisions about trade-offs between these.

It is a flexible approach that is expected to lead to the identification of major constraints to, and opportunities for, poverty reduction. These may lie either at local or at higher levels. They may relate, for example, to skills, knowledge and abilities or to the structures and processes – including policy level factors – which impact on livelihoods. However, the fact that the approach itself is broad-based does not mean that it will result in multi-sectoral, highly complex activities of the type that have been the cause of so many problems in the past. The aim is rather to identify a few discrete entry points but to understand that these:

- may span one or more traditional 'sectors' or areas of activity (e.g. institutional reform), and that they
- are likely to evolve over time as a result of changing circumstances and negotiation.

It therefore makes more sense to think of longer term livelihoods programmes than of discrete livelihoods projects.

For further details on the sustainable livelihoods approach, please refer to DFID's *Sustainable Livelihoods Guidance Sheets* (available by contacting livelihoods@dfid.gov.uk).

Using the approach

The sustainable livelihoods approach is versatile: it can be used in a variety of different circumstances from project through to programme and policy level. At a grass roots level it is very important that livelihoods analysis (that is analysis of the circumstances that cause poverty and the dimensions of poverty itself) is conducted in a fully participatory mode, taking into account the many lessons already learnt about participatory methods and approaches. At present, such methods are better developed for community level analysis than for the analysis of policies and institutions – it is important that the latter are not neglected.

When the livelihoods approach is employed at the level of programme planning or policy analysis, there may be less original research conducted, and more reliance on existing information sources. However, in all cases it is important that the connections between policy level factors and outcomes on the ground (where poverty exists and poverty reduction actually takes place) are adequately stressed. Understanding the impact of different policy and institutional arrangements upon people/households and upon the dimensions of poverty **they** define is an essential dimension of the sustainable livelihoods approach.

The approach itself, and all of the *Key Sheets*, highlight the importance to livelihood sustainability of institutions and organisations. (These are referred to in the framework as Transforming Structures and Processes, to emphasise their key role.) Adverse policy environments, inappropriate regulation, a lack of markets, and barely functioning service delivery or local government organisations can all have a profound, negative effect on livelihoods. A core message of the *Key Sheets* is that unless these institutional/organisational problems are addressed directly, it may not be worth engaging in more traditional areas of support to productive activities.

Livelihoods and sector-wide approaches

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

It is not, though, the public sector agency *per se* that should be the focus for improvement; it is people's livelihoods. Sector programmes themselves will be enriched if they build on the information gathered in livelihoods analysis. This will help those involved to perceive the interactions between different sectors and the importance of developing inter-sectoral links in order to maximise impact at a livelihood level (the benchmark for performance). It will also encourage public sector institutions to recognise the many different players in the development process, creating pressure within the sector planning process to open up the dialogue beyond government, to innovate and to incorporate best practice from existing project level activities. Livelihoods approaches and the support activities which derive from them should also gain from the lessons learnt and the objectives pursued in sector approaches. These include:

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

The sustainable livelihoods approach itself provides scope for increasing the dialogue between and co-ordination of the efforts of different donors. It is already espoused by UNDP and various leading development NGOs (e.g. CARE and Oxfam) and efforts to move forward with implementation are providing opportunities for joint work at country level.

Policies and working principles

The various *Key Sheets* are linked by their shared relationship to livelihoods and livelihood sustainability. This link manifests itself in the many underlying issues and constraints that are common to different subject areas. These are noted in the individual *Key Sheets* and summarised in the table overleaf. This table emphasises the importance of developing appropriate working practices and underlying policies in order to achieve poverty elimination. Such practices and policies provide the cement which links the various different areas of development and makes learning across areas so important.

Policy and institutional issues

- **Policy consistency:** Policy inconsistency weakens overall strategic direction and can create large economic costs as people engage with successive layers of conflicting policies. The need to align policy within a sector is a core argument behind the development of sector programmes, though the effects of policies extend well beyond their 'home sector'.
- **Finding the most appropriate institutional home:** There may be trade-offs between experienced agencies with skills and resources (but a reputation for closed-minded or over-technical approaches) and newer bodies that are more flexible (but lack resources, access and authority). Newly-created bodies generally display a poor success and sustainability rate.
- **Supporting appropriate decentralisation:** Capturing the benefits of decentralisation has been a key objective over recent years. It is therefore important to ensure that sectoral and sub-sectoral support is consistent with and contributes to any decentralisation objectives or programmes of the country as a whole.
- **Thinking through public and private roles:** There has recently been a profound shift in thinking about appropriate public and private sector roles in developing countries. The economic principles underlying the debates are now quite widely known, but there remains a considerable gap between knowledge and full understanding, let alone operationalisation.
- **Encouraging positive participation by the private sector:** Though there has recently been some retreat from the 'pure market' philosophies of the early 1990s, the importance of the private sector to development is undisputed. The challenge is to encourage the private sector to play a *positive* role in poverty reduction.
- **Supporting appropriate regulation:** A key step in harnessing the positive benefits of markets and mitigating the negative effects is to ensure that appropriate regulatory frameworks and means of enforcing them are in place. Frameworks are seldom effective unless designed in a participatory way with users.

Working principles

- **Understanding the existing development context:** It is essential to avoid preconceptions about: who the poor are; the role of different activities in the livelihoods of the poor; the type of organisations that are involved in any area/activity; and the effects – actual as opposed to intended – of any given policy.
- **Promoting human resource development, developing demand and fostering empowerment:** For progress to be sustainable, levels of skill, knowledge and ability must rise throughout. 'New' skills (e.g. in management, participatory methods or conflict resolution) are often important while 'old' skills (e.g. in technical aspects of research or resource management) must not be neglected.
- **Recognising and working to resolve conflicts:** Conflicts exist in all areas: over resources, between implementing organisations, within households, between different stakeholder groups, etc. It is more effective in the long term to recognise the existence of conflict, to try to understand its roots and to aim to resolve it over time, than it is to operate as though it does not exist.
- **Taking a realistic approach, being flexible and building public support:** The *Key Sheets* point to practical ways forward in difficult circumstances. They do, however, caution against over-ambition. They also stress the need for flexibility and the adoption of a process approach.
- **Looking for innovative solutions:** There are no magical solutions to the problems of under-development. However, progress has been made partly because of a willingness to innovate. It is important that such innovation continues. Donor funds are important in piloting new activities/ways of working and monitoring their effects on indicators of poverty.
- **Focusing on outcomes:** Process is important, but it is development impact at the human level that is the priority. If this cannot be proven, there is little value in continued spending (though it is important not to expect too much too quickly).
- **Developing partnerships and ensuring domestic ownership:** Meaningful partnerships are characterised by relations of trust; they have to be deliberately nurtured and inevitably take time to develop/mature. Ownership is promoted when development activities are designed with stakeholders in response to problems or opportunities that they themselves define.
- **Working in a participatory and demand-driven way:** While the *Key Sheets* do not lay out any specific guidelines on participatory tools or methodologies, they consistently stress the need to work with people in a participatory mode (though it is also important to be aware that participation is not always the best solution – methods must be context-specific).
- **Identifying excluded groups:** Unless this is done, development aid may further marginalise the poorest, by excluding them from decision-making bodies and management arrangements and failing to target their specific livelihood needs.
- **Promoting a culture of learning:** Learning is costly and may demand significant shifts in culture and incentives. If these *Key Sheets* help to reduce the costs and increase the efficiency of learning they will have served an important purpose.

Key Sheets are available on the Internet at: <http://www.oneworld.org/odi/keysheets/>
or through the website of DFID



Series Editor: Diana Carney
Series Manager: Charlotte Boyd

Department for International Development
Natural Resources Policy and Advisory Department
Tel: +44 171 917 0022
Fax: +44 171 917 0679
Email: nr-policy@dfid.gov.uk
Website: <http://www.dfid.gov.uk/>