

# **THE SUSTAINABLE LIVELIHOODS APPROACH**

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# 1 Origins and Objectives of the Sustainable Livelihoods Approach

Livelihood thinking dates back to the work of Robert Chambers in the mid-1980s. In realising that conventional development concepts did not yield the desired effects and that humankind was additionally facing an enormous population pressure, Chambers developed the idea of “Sustainable Livelihoods” with the intention to enhance the efficiency of development cooperation. His concepts constitute the basics for the Sustainable Livelihoods Approach (SLA), as it was developed by the British Department for International Development (DFID). Starting from 1997, DFID integrated the approach in its program for development cooperation.

The first two chapters of this input paper are mainly based on DFID’s Sustainable Livelihoods Guidance Sheets (DFID, 2000), which are – together with a broad range of further up-to-date information on livelihoods - downloadable in the internet ([www.livelihoods.org](http://www.livelihoods.org)).

As DFID's aim is the elimination of poverty in poorer countries, the adoption of the livelihoods approach is expected to contribute to this aim in providing structure to debate and discourse. In this way, the approach has to be understood basically as a tool, or checklist, to understand poverty in responding to poor people's views and their own understanding of poverty. Its application is flexibly adaptable to specific local settings and to objectives defined in participatory manner.

According to Chambers and Conway (1992:9) "a livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base."

## 1.1 Core Concepts

**People-centred:** People rather than the resources they use are the priority concern in the livelihoods approach, since problems associated to development often root in adverse institutional structures impossible to be overcome through simple asset creation. Therefore, sustainable poverty reduction will entail success only if development agents work with people in congruency with their current livelihood strategies, social environment and capabilities to adapt. At a practical level this implies a detailed analysis of people's livelihoods and their dynamics over time.

**Holistic:** A holistic view is aspired in understanding the stakeholder's livelihoods as a whole, with all its facets. This does not intended to be an exact representation of the way the world is, but rather a manageable model to identify the most pressing constraints faced by people regardless of where (i.e. which sector, geographical space, ...) these occur.

**Dynamic:** Just as people's livelihoods and the institutions that shape them are highly dynamic, so is the approach in order to learn from changes and help mitigating negative impacts, whilst supporting positive effects.

**Building on strengths:** A central issue of the approach is the recognition of everyone's inherent potential for his/her removal of constraints and realisation of potentials. This will contribute to the stakeholders robustness and ability to achieve their own objectives.

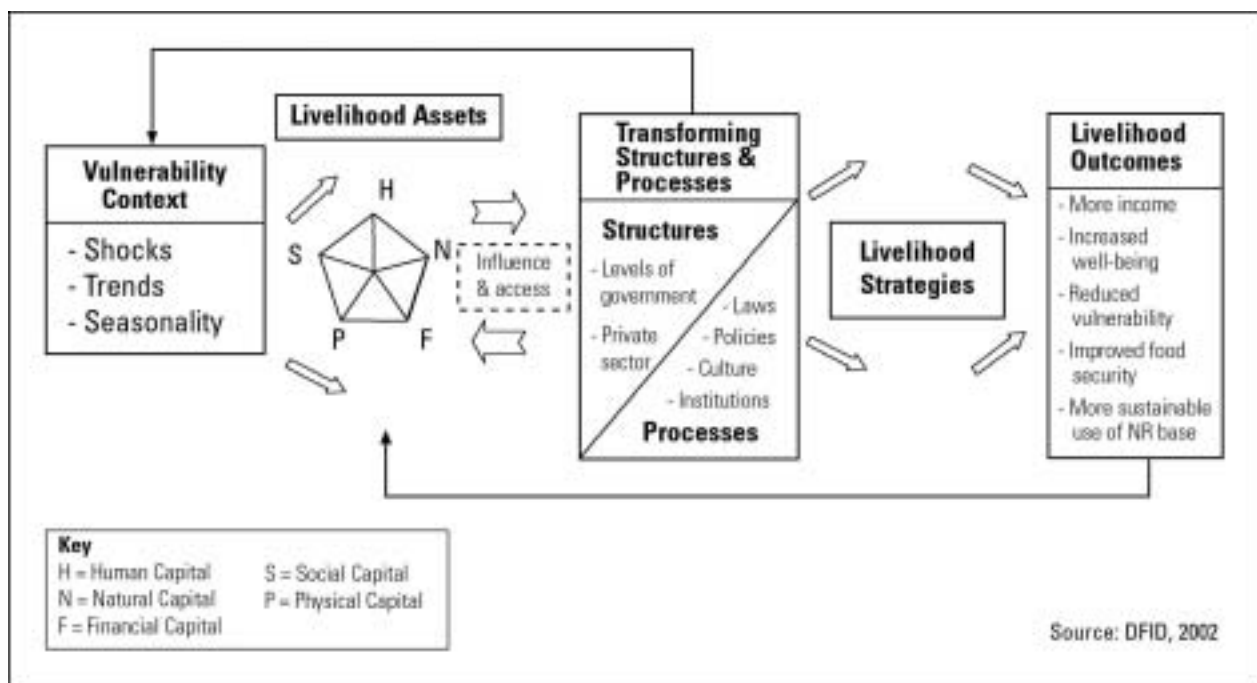
**Macro-micro links:** Development activity tends to focus at *either* the macro *or* the micro level, whereas the SLA tries to bridge this gap in stressing the links between the two levels. As people are often affected from decisions at the macro policy level and vice-versa, this relation needs to be considered in order to achieve sustainable development.

**Sustainability:** A livelihood can be classified as sustainable, when it is resilient in the face of external shocks and stresses, when it is not dependent upon external support, when it is able to maintain the long-term productivity of natural resources and when it does not undermine the livelihood options of others (see also Sneddon, 2000).

## 2 The Sustainable Livelihoods Framework (SLF)

The SLF (see Figure 1) forms the core of the Sustainable Livelihoods Approach and serves as an instrument for the investigation of poor people's livelihoods, whilst visualising the main factors of influence. Like all models, the SLF is a simplification and does not represent the full diversity and richness of livelihoods, which can only be understood by qualitative and participatory analysis at the local level.

Figure 1: The Sustainable Livelihoods Framework (SLF)



In its simplest form, the framework depicts stakeholders as operating in a **Context of Vulnerability**, within which they have access to certain **Assets**. These gain their meaning and

value through the prevailing social, institutional and organisational environment (**Transforming Structures and Processes**). This context decisively influences the **Livelihood Strategies** that are open to people in pursuit of their self-defined beneficial **Livelihood Outcomes** (see Fig. 1).

In other words, the framework provides a checklist of important issues and sketches out the way these link to each other, while it draws special attention to core influences and processes and their multiple interactions in association to livelihoods.

In the following, the core ideas represented in the SLF are explained and defined in the way they should be understood in this context.

## 2.1 Vulnerability Context

The Vulnerability Context forms the external environment in which people exist and gain importance through direct impacts upon people's asset status (Devereux, 2001). It comprises **Trends** (i.e. demographic trends; resource trends; trends in governance), **Shocks** (i.e. human, livestock or crop health shocks; natural hazards, like floods or earthquakes; economic shocks; conflicts in form of national or international wars) and **Seasonality** (i.e. seasonality of prices, products or employment opportunities) and represents the part of the framework that lies furthest outside stakeholder's control.

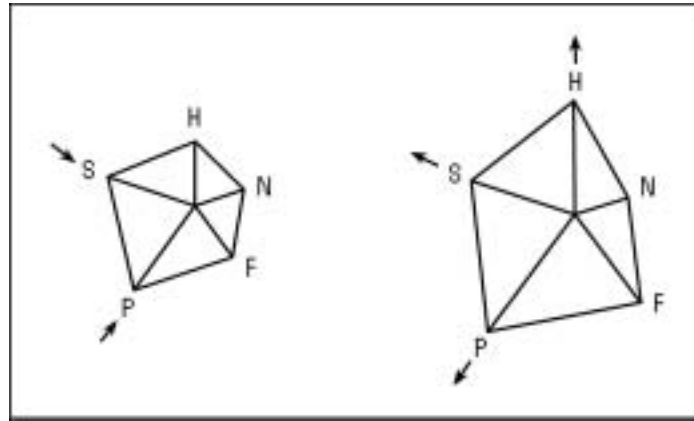
Not all trends and seasonality must be considered as negative; they can move in favourable directions, too. Trends in new technologies or seasonality of prices could be used as opportunities to secure livelihoods.

## 2.2 Livelihood Assets

The livelihoods approach is concerned first and foremost with people. So an accurate and realistic understanding of people's strengths (here called "assets" or "capital") is crucial to analyse how they endeavour to convert their assets into positive livelihood outcomes (Bebbington, 1999). People require a range of assets to achieve their self-defined goals, whereas no single capital endowment is sufficient to yield the desired outcomes on its own. Since the importance of the single categories varies in association to the local context, the asset pentagon (see Figure 2) offers a tool to visualise these settings and to demonstrate dynamical changes over time through constantly shifting shapes of the pentagon.

Assets are of special interest for empirical research in order to ascertain, if those, who were able to escape from poverty, started off with a particular combination of capital, and if such a combination would be transferable to other livelihood settings. Furthermore, it would be interesting to evaluate the potential for substitution between different capitals, for instance a replacement of a lack of financial capital – as is often the case in the reality of poor stakeholders – through a better endowment with social capital.

Figure 2: Differently shaped asset pentagons and changes in access to assets



### 2.2.1 Human Capital

In the field of development studies, “human capital” is a very wide used term with various meanings. However, in the context of the SLF it is defined as follows: "Human capital represents the **skills, knowledge, ability to labour** and **good health** that together enable people to pursue different livelihood strategies and achieve their livelihood objectives" (DFID, 2000). At the household level it varies according to household size, skill levels, leadership potential, health status, etc. and appears to be a decisive factor - besides being intrinsically valuable - in order to make use of any other type of assets. Therefore, changes in human capital have to be seen not only as isolated effects, but as well as a supportive factor for the other assets.

Since an exact measurement of the diverse indicators of human capital causes difficulties at the local level (i.e. how to assess indigenous knowledge appropriately?), it may be sometimes more suitable to investigate variations and their reasons.

### 2.2.2 Social Capital

There is much debate about what exactly is meant by the term “social capital” and the aspects it comprises. In the context of the SLA it is taken to mean the social resources upon which people draw in seeking for their livelihood outcomes, such as **networks and connectedness**, that increase people's trust and ability to cooperate or **membership in more formalised groups** and their systems of rules, norms and sanctions.

Quite often access and amount of social capital is determined through birth, age, gender or caste and may even differ within a household. Obviously and often parallel to positive impacts social capital also may cause effects, that are restrictive for development. For instance the membership in groups always entails excluding other stakeholders; or the social affiliation to a certain caste may be positive or negative depending on the person's hierarchical position within the system. Still, it is important through its direct impact on other capitals, by improving the efficiency of economic relations or by reducing the 'free rider' problems associated to public goods through the mutual trust and obligations it poses onto the community. And for the most deprived, social

capital often represents a place of refuge in mitigating the effects of shocks or lacks in other capitals through informal networks.

### 2.2.3 Natural Capital

Natural capital is the term used for the **natural resource stocks** from which **resource flows and services** (such as land, water, forests, air quality, erosion protection, biodiversity degree and rate of change, etc.) useful for livelihoods are derived. It is of special importance for those who derive all or part of their livelihoods from natural resource-based activities, as it is often the case for the poor stakeholders, but also in more general terms, since a good air and water quality represents a basis for good health and other aspects of a livelihood. Within the framework a particularly close relationship exists between natural capital and the vulnerability context and many of the devastating shocks for the livelihoods are natural processes that destroy natural capital (e.g. fires, floods, earthquakes).

### 2.2.4 Physical Capital

Physical capital comprises the **basic infrastructure and producer goods** needed to support livelihoods, such as affordable transport, secure shelter and buildings, adequate water supply and sanitation, clean, affordable energy and access to information. Its influence on the sustainability of a livelihood system is best fit for representation through the notion of opportunity costs or 'trade-offs', as a poor infrastructure can preclude education, access to health services and income generation. For example, without irrigation facilities long periods are spent in non-productive activities, such as the collection of water – needing extra labour force, that could be of use somewhere (or would be a time resource to go to school). Since infrastructure can be very expensive, not only its physical presence is important, but as well the pricing and secure disposition for the poorest groups of society must be considered.

### 2.2.5 Financial Capital

”Financial capital” denotes the financial resources that people use to achieve their livelihood objectives and it comprises the important availability of cash or equivalent, that enables people to adopt different livelihood strategies. Two main sources of financial capital can be identified:

- **Available stocks** comprising cash, bank deposits or liquid assets such as livestock and jewellery, not having liabilities attached and usually independent on third parties.
- **Regular inflows of money** comprising labour income, pensions, or other transfers from the state, and remittances, which are mostly dependent on others and need to be reliable.

Among the five categories of assets financial capital is probably the most versatile as it can be converted into other types of capital or it can be used for direct achievement of livelihood outcomes (e.g. purchasing of food to reduce food insecurity). However, it tends to be the asset the least available for the poor, what makes other capitals important as substitutes.

## 2.3 Transforming Structures and Processes

Transforming Structures and Processes represent **the institutions, organisations, policies and legislation** that shape livelihoods. They are of central importance as they operate at all levels (see chapter 1.1) and effectively determine access, terms of exchange between different types of capital, and returns to any given livelihood strategy (Shankland, 2000; Keeley, 2001).

**Structures** can be described as the hardware (private and public organisations) "that set and implement policy and legislation, deliver services, purchase, trade and perform all manner of other functions that affect livelihoods" (DFID, 2000). An absence of well working structures often constitutes an obstacle to sustainable development and makes simple asset creation difficult in case of adverse structures impeding access to apply a certain livelihood strategy. In contrast to other approaches, where scarcity and underdevelopment was thought to be a problem of people not having enough due to lacking capital endowments, the SLA analyses it as a problem of access and the possibility to control the available resources, that are often sufficiently at disposition (compare Sen, 1981).

Complementary to structures, **processes** constitute the "software" determining the way in which structures and individuals operate and interact. There are many types of overlapping and conflicting processes operating at a variety of levels – and like software, they are crucial and complex!. Important processes for livelihoods are for instance policies, legislation and institutions, but also culture and power relations. They may serve as incentives for people to make choices, they may be responsible for access to assets or they may enable stakeholders to transform and substitute one type of asset through another.

Transforming structures and processes occupy a central position in the framework and directly feedback to the vulnerability context, while influencing and determining ecological or economical trends through political structures, while mitigating or enforcing effects of shocks or keeping seasonality under control through working market structures; or they can restrict people's choice of livelihood strategies (e.g. caste system) and may thus be a direct impact on livelihood outcomes.

## 2.4 Livelihood Strategies

Livelihood Strategies comprise the **range and combination of activities and choices that people undertake in order to achieve their livelihood goals**. They have to be understood as a dynamic process (see 1.1) in which people combine activities to meet their various needs at different times and on different geographical or economical levels, whereas they may even differ within a household. Their direct dependence on asset status and transforming structures and processes becomes clear through the position they occupy within the framework. A changing asset status may further or hinder other strategies depending on the policies and institutions at work.

When considering livelihood strategies and issues connected to the SLA in general it is important to recognise that people compete (for jobs, markets, natural resources, etc.), which makes it difficult for everyone to achieve simultaneous improvements in their livelihoods. The poor are



themselves a very heterogeneous group, placing different priorities in a finite and therefore highly disputed environment. Compromises are often indispensable. An application of the SLA offers the advantage to be sensitive for such issues in a differentiated manner.

## 2.5 Livelihood Outcomes

Livelihood outcomes are the achievements of livelihood strategies, such as **more income** (e.g. cash), **increased well-being** (e.g. non material goods, like self-esteem, health status, access to services, sense of inclusion), **reduced vulnerability** (e.g. better resilience through increase in asset status), **improved food security** (e.g. increase in financial capital in order to buy food) and a **more sustainable use of natural resources** (e.g. appropriate property rights). Outcomes help us to understand the 'output' of the current configuration of factors within the livelihood framework, they demonstrate what motivates stakeholders to act as they do and what their priorities are. They might give us an idea of how people are likely to respond to new opportunities and which performance indicators should be used to assess support activity. Livelihood Outcomes directly influence the assets and change dynamically their level - the form of the pentagon -, offering a new starting point for other strategies and outcomes.

## 3 Applications and Restrictions of the Sustainable Livelihoods Approach

The potential for applications of the SLA are manifold and not restricted to livelihood thinking only, as the approach includes ideas of other recent theoretical approaches . Its flexible design and openness to changes makes it adaptable to diverse local settings, where it can be applied to different extents associated to the development research or project objectives.

Prior to any development activity the SLA might serve as an analytical tool for the identification of development priorities and new activities in order to understand the way a socially constructed environment works and to find potential beneficiaries or partners in practice. A study made by Ellis (2000) in three Tanzanian villages stresses the importance of a detailed livelihood analysis for successful development cooperation: In a region commonly known as famous for its coffee production, a detailed livelihood analysis was successful to demonstrate that coffee production contributed to the household income only with 1% - a striking fact that might have been overlooked without a detailed livelihood analysis. A similar result was yielded by Calow (2001), who analysed water supply systems in Ethiopia, for which conventional inquiries highlighted scarcity in water availability as the most hindering factor. Carlow used a broader perspective in order to find out which stakeholders have access, how much water they use and how these factor change associated to household and region.

Further the SLA might be applied in the form of a livelihood analysis to assess how development activities 'fit' with the livelihoods of the poor, whilst the SLF might be of use as a checklist or means of structuring ideas. Ashley (2000) explored in Namibia and Kenya how rural livelihoods affect and are affected by natural resource management initiatives and what this implies for these

programs. As lessons to learn, she mentioned for instance the potential of SLA for the reshaping of a programme to enhance the 'fit' with livelihoods, for impact assessment and as a focus for participatory planning with communities.

Within projects or programmes SLA can be used to sharpen the focus of monitoring and evaluation systems, as it was done by Nicol (2000), who adopted SLA to water projects in order to analyse, monitor and evaluate their efficiency. Similarly Gibbon (1999) tried to use the approach in order to refocus existing projects to better address poverty elimination applied to the Nepal-UK Community Forestry Project.

The uses of the SLA are diverse and flexibly adaptable to many settings, but it does not represent a magic tool being able to eliminate problems of poverty with a single sign, nor is it a complete new idea that will be revolutionary for development research and cooperation. Still, the SLF delivers a good tool to structure development research and increase efficiency of development projects.

Rooted within the strengths of the approach quite often its weaknesses can be found too: On the one hand a differentiated livelihood analysis requires enormous financial, time and personal resources often lacking in practical projects. Moreover, the claim to be holistic leads to a consideration of very many aspects, what inevitably delivers a flood of information hardly possible to cope with. The decision about what to consider with priority leads us to a normative dilemma.

Further problems may arise with the analysis of the livelihood assets, as for example the difficulties to measure and to compare social capital. Additionally, the asset status of a person is highly associated with the amount of dependence from a certain resource, varying according to the local context, as for instance some actors might be able to satisfy their needs with a low level of financial capital, whereas others with more financial capital show by far less ability to do so.

In order to learn more about the strengths and weaknesses of the approach, IP6 of the NCCR is applying it in a number of studies. IP6 is also interested to receive feedback from other researchers on this subject.

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