

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

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

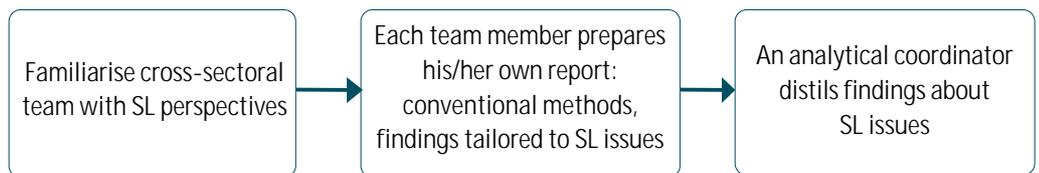
Although the SL approach is fairly new and still evolving, it has already been applied flexibly in a wide variety of ways to assist with poverty reduction efforts. This section of the *Guidance Sheets* covers different uses of the SL approach, exploring concerns and preliminary lessons learned.

### Livelihoods analysis

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

There are two approaches to doing this:

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



### What difference does SL make?

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

### At what stage should SL be used?

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

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

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

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

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

## How does SL affect partnerships?

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

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

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

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

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

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

## Implications for scale, scope and resources

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

See 4.2 for further discussion of scale and scope.

**USES**

**PROGRAMME IDENTIFICATION AND DESIGN 3.2**

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

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

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

**How will SL affect programme design?**

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

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

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

**Why use SL for programme design?**

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

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

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

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

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

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

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

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

## How can SL be combined with sector programmes?

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

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

## How to determine programme priorities?

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

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

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

See 4.4 and 4.13 for more details on PPAs.

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

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

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

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

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

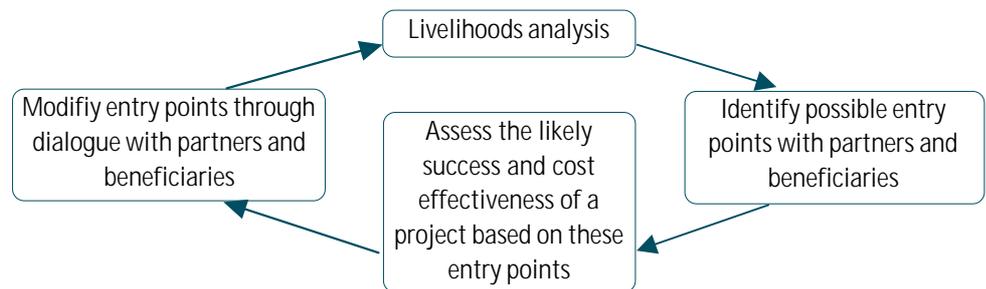
Any proposed project is generally based on a roughly-defined group of beneficiaries. The definition may be geographic, sectoral (e.g. producers of livestock, users of energy) or socio-economic (e.g. women, slum dwellers); the commonality lies in the poverty elimination aim. Livelihoods analysis helps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

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

### How to identify entry points and partners?

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

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



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

### Flexibility and change

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

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

## Planning project activities

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

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

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

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

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

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

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

## Skills and disciplines

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

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

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

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

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

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

**USES**

**REVIEWING EXISTING ACTIVITIES**

**3.4**

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

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

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

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

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

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

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

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

**Key questions to explore and analyse**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**USES**

**MONITORING AND EVALUATION**

**3.5**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**How holistic to be**

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

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

## How to monitor macro–micro linkages

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

## How to accommodate the dynamism of SL?

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

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

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

## Dealing with multiple indicators

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

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

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

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

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

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

**USES**

**THE SL APPROACH AND LOG FRAMES**

**3.6**

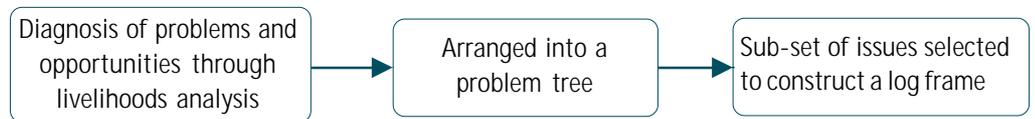
A log frame defines what an intervention will do, what it will deliver, the impact it is expected to achieve, and the contribution of that impact to higher-level objectives (usually poverty elimination). It summarises the indicators used to monitor progress and outlines how such information will be collected.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

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

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

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

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

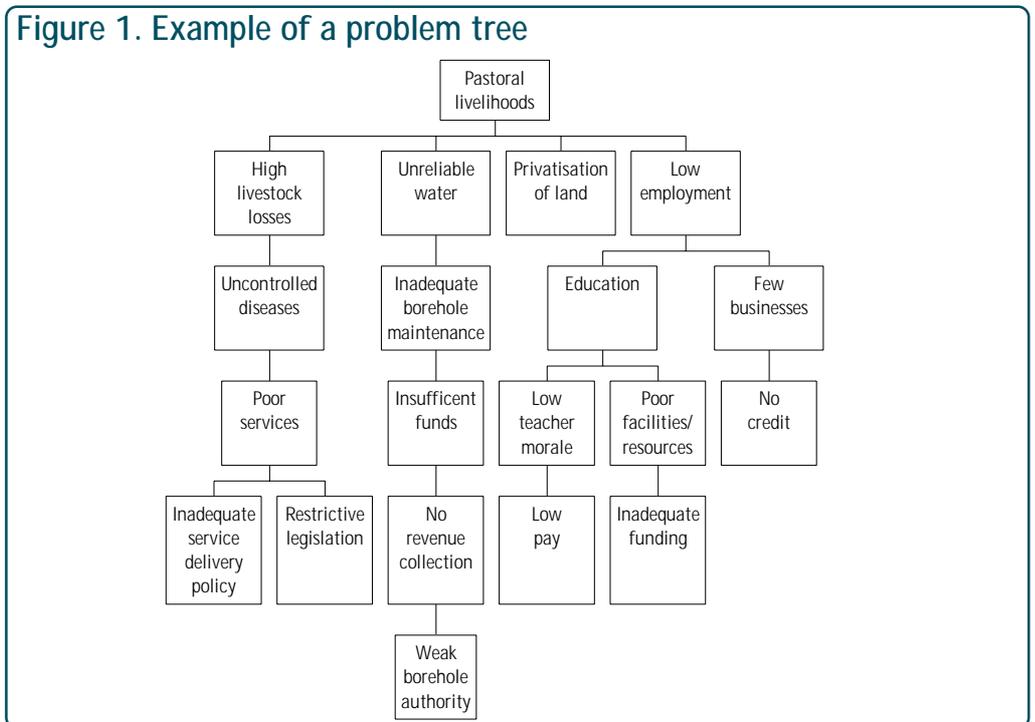


*SL to problem tree*

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

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

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



*Problem tree to log frame*

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

## What difference does the SL approach make?

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

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

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

## Log frames and process projects

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

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

## Log frames for longer time horizons

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

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

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

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