

DFID (Department For International Development)

SUSTAINABLE LIVELIHOODS GUIDANCE SHEETS

Section 6 COMPARING DEVELOPMENT APPROACHES

6.1 OVERVIEW

The sustainable livelihoods approach enters an already crowded conceptual landscape for development (see 1.5). Although all development approaches share certain goals, they may start from different places and attempt to reach them by different means. This section of the *Guidance Sheets* explores the relationship between the SL approach and other development ideologies, approaches and tools and suggests where the SL approach may add value. Understanding the links can improve the scope for collaboration and synergy between colleagues and development partners who have different standpoints.

INSIGHT

Several elements of sustainable livelihoods approach already lie at the heart of other development approaches, and are the product of complementary lines of thinking.

This section compares the SL approach with a broad range of development approaches that represents the spectrum of current social, economic, political, and multidisciplinary perspectives. The selected approaches include:

- Country-level Development Strategies, for example: Poverty Reduction Strategy Papers, Comprehensive Development Frameworks and National Strategies for Sustainable Development;
- Medium-Term Expenditure Frameworks;
- Sector-Wide Approaches;
- Governance and Rights-based Approaches.

The following key questions are asked of each approach:

- What are the core principles of the approach?
- By what process is it developed and applied?
- What does it share with the SL approach, or what conceptual gaps exist?
- What added value (if any) can SL approaches bring to the formulation of the approach?
- How can SL principles be incorporated into the formulation of the approach, or what needs to be done in order to bring the two approaches together?

Development concepts are, by their very nature, evolving and ways of combining the different approaches into a concerted development intervention are still experimental. This section attempts to provide a snapshot of current understanding. Practice of the livelihoods approach is already demonstrating ways in which it can support and complement other approaches, and these are highlighted as case studies.

6.2 COUNTRY-LEVEL STRATEGIES

This sheet examines the relationship between SL approaches and country-level development strategies such as the Comprehensive Development Framework, Poverty Reduction Strategy Papers and National Strategies for Sustainable Development. The objectives, principles and process of development of country-level strategic planning instruments are first discussed below.

What are country-level development strategies?

Country-level development strategies integrate poverty and environment policies into a coherent, growth-orientated macro-economic framework. Governments are encouraged to take strong ownership of the strategy by assuming responsibility for its formulation. This entails prioritising policy interventions and allocating the domestic and external resources necessary to implement the strategy. The resulting framework provides a basis for aligning external development assistance.

A country-level development strategy is also known as a Comprehensive Development Framework (CDF), Poverty Reduction Strategy Paper (PRSP) or a National Strategy for Sustainable Development (NSSD). These are outlined below.

The World Bank launched its Comprehensive Development Framework in January 1999 with the aim of mainstreaming anti-poverty strategies into international development co-operation. The World Bank and IMF recently developed the PRSP concept as a means for linking debt relief with poverty reduction outcomes. The PRSP model was originally conceived in the context of the Highly-Indebted Poor Countries (HIPC) debt-relief initiative, whereby debt relief was contingent upon the development of a PRSP. PRSPs are now the centrepiece for policy dialogue in all countries receiving concessional loans from the World Bank and IMF.

INSIGHT

In South Africa, the CDF has been applied at the city level. With the help of the World Bank, the South African government hopes to stimulate the political and economic restructuring of Johannesburg through a comprehensive plan, called '*iGoli 2002*'.

Agenda 21, the action plan formed at the 1992 Rio Earth Summit, called for countries to draw up National Strategies for Sustainable Development, to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015. NSSDs acknowledge that economic and social sustainability are as important as environmental sustainability; they should not therefore be seen as any different from PRSPs or CDFs.

Principles of country-level development strategies

Country level development strategies enhance development effectiveness in the long term by:

- emphasising strong national ownership through participatory national consultation processes;
- prioritising poverty reduction and sustainable development;
- addressing macro-economic concerns and structural and social issues.

Although CDFs, PRSPs and NSSDs have different origins they share a number of common features and objectives, as illustrated in Table 1.

INSIGHT

In Vietnam, the CDF process included an assessment of macro, financial and structural issues in the light of their social consequences. It also created an opportunity for government to enter into policy dialogue with the private sector for the first time.

How country-level development strategies are prepared

National governments are responsible for the preparation of a country-level development strategy, with the participation of domestic and external partners. The CDF, which has been piloted in 13 countries, ensures the effective use of human and financial resources by emphasising partnerships between government, civil society, the private sector, and external assistance agencies.

PRSPs will be developed by the 41 countries classified as HIPC countries and eventually by an additional 30 countries receiving financing from external agencies. PRSPs and CDFs are seen as closely linked, and it is expected that a PRSP will be the first step towards a CDF in those countries not in the pilot scheme.

INSIGHT

Tanzania's three-year PRSP is founded in a number of existing longer-term government strategies, in particular the medium-term Tanzania Assistance Strategy, the National Poverty Eradication Strategy, and Vision 2025. Therefore it has strong national ownership and political commitment.

A PRSP, embodying the principles outlined above, should incorporate:

- a poverty assessment;
- targets for poverty reduction;
- public action for poverty reduction as a priority;
- systems to monitor poverty and evaluate the impact of government programmes and policies; and
- a description of the participatory process.

NSSDs aim to build upon existing country-level frameworks and to ensure that all components of sustainable development are integrated into the national planning process. One of DFID's priorities is to ensure that PRSPs integrate economic, social and environmental concerns, and NSSDs potentially have an important role to play in this respect.

INSIGHT

The Romanian NSSD originally focused on environmental concerns. The strategy later broadened to address economic, social and environmental issues, largely as a result of involving a greater diversity of stakeholders in the consultation process. The strategy, finalised in 1999, ultimately prioritised public health, education, economic growth, and conservation of energy resources.

Table 1. CDFs	PRSPs	NSSDs
<ul style="list-style-type: none"> • Long-term vision and strategy • Enhanced country ownership of development goals and actions • More strategic partnerships among stakeholders • Accountability for development results 	<ul style="list-style-type: none"> • Medium and long-term perspectives for poverty reduction • Country-driven and owned • Based on broad participatory processes for formulation, implementation and outcome based progress monitoring • Partnership-oriented • Results-oriented, focusing on outcomes that would benefit the poor • Comprehensive – recognising the multidimensionality of poverty 	<ul style="list-style-type: none"> • Participation and ownership across all sectors of society • Process and outcome orientation • Capacity strengthening and institutional reform • Building on existing strategic processes rather than starting yet more initiatives.

Relationship between country-level development strategies and SL approaches

Country-Level Development Strategies and SL approaches share common objectives of reducing poverty and increasing sustainable development. Both embrace the common principles of:

- holistic thinking
- long-term sustainability
- national ownership
- partnerships
- process orientation, and
- participation.

However, the two approaches are not synonymous; each has quite different functions. Country-Level Development Strategies are frameworks that shape national policy and international and national-level public expenditure. In contrast, a sustainable livelihoods approach is one of several means of developing Country-Level Development Strategies.

What value can SL approaches bring to the formulation of country-level development strategies?

Country-Level Development Strategies must be tailored to address the unique development challenges of a country. However, many Country-Level Development Strategies have not drawn on the results of poverty analyses. Consequently, the links between the causes of poverty and subsequent policy responses are typically weak.

The range of analytical tools that comprise a livelihoods analysis can ensure that country-level development strategies are founded on an understanding of the livelihoods of poor people. The conceptual framework that captures the SL approach can help bring to light the particular policies and institutions that shape those livelihoods. The SL approach offers a way of addressing the whole range of policy issues relevant to the poor, such as access to finance, markets, and personal security as well as to health and education.

For example, a sustainable livelihoods approach can help to:

- gain insight into the factors contributing to poverty by identifying groups of poor people and analysing their livelihoods;
- ensure that important livelihood components and constraints are not overlooked;
- emphasise issues of vulnerability and the dimensions of sustainability which national macroeconomic plans often fail to integrate adequately;
- help in the design of effective participatory consultation processes;
- highlight where and how government may intervene; and
- improve the linkages between micro-level realities and macro-level policies by analysing the impact of macroeconomic policies on the livelihoods of the poor, and by identifying those that discriminate against the poor.

Ideally, country-level development frameworks would draw on a range of expertise. An advantage of the SL approach is that it facilitates and encourages multi-sector working. The scope for working in this way clearly depends on the willingness of governments to do so.

SL approaches are most useful to those concerned with local realities and needs. This perspective is likely to be found only in a publicly-led process such as a PRSP, and in countries with governments that are reasonably transparent and accountable. In this respect, an important weakness of the SL approach is that it does not explicitly address issues of politics, power and authority. Other tools (such as Rights-Based Approaches outlined in 6.4) explore these issues further.

INSIGHT

The narrow, agricultural focus of a line ministry frustrated attempts to create a cross-sectoral approach to modernising agriculture in Uganda. The desired breadth was achieved only when the Ministry of Finance and Economic Planning took control and leadership of the programme away from agriculture.

How can SL approaches be incorporated into strategic planning frameworks?

SL approaches, tools and principles can be used to assist in:

- **Analytical or diagnostic work** – the approach offers a range of analytical methods to identify livelihood groups, livelihood opportunities and constraints, and the priorities of the poor.
- **Formulation of the strategy** – the strategic information from livelihoods analyses can help to prioritise policy decisions and interventions according to their positive impact on the poor.
- **Gaining approval** – recognition of the need for inter-sectoral working may facilitate the approval process.
- **Implementation** – in acknowledging the importance of heterogeneity, SL approaches promote a more decentralised and locally-responsive approach to implementation. SL approaches can also inform objective setting and design of monitoring systems.
- **Impact assessment** – SL approaches recognise the need to assess longer-term trends in assets, especially environmental assets.

The extent to which the SL approach has a role in the formulation of country-level frameworks depends on how it is valued by governments, international financial institutions and bilateral agencies. However, the emphasis should be on the core principles of the approach rather than on the associated tools. In this way the SL approach can help to imbue country-level frameworks with processes and policies that are accountable, that are based on a realistic and balanced view of livelihood concerns, that engage with the realities of poor people's conditions, that allow for appropriate subsidiarity in dealing with key issues, and that are cross-sectoral.

INSIGHT

The Bolivia Interim PRSP has much in common with the SL approach. Part of the proposed strategy focuses on reducing the vulnerability of the poor by strengthening their rights of ownership to land and housing, and by increasing the value of their assets.

The SL approach provides just one perspective on poverty and its causes. The approach needs to be complemented by other kinds of analysis, including economic analysis for assessing and quantifying policy and expenditure proposals, and rights-based analysis to understand the political processes that determine access to assets and enable people to construct livelihood strategies.

6.3 MEDIUM-TERM EXPENDITURE FRAMEWORKS

Effective public-sector management integrates elements of policy, institutions, and public-sector spending. A sustainable livelihoods approach helps to achieve this by combining responsiveness to locally articulated priorities with best practice in policy development and public finance. This sheet aims to help advisers understand the macroeconomic framework within which their advice is considered. Its focus is on the management of public expenditure, and specifically on medium-term expenditure frameworks (MTEFs).

Background to the development of MTEFs

One way in which governments can have an impact on poverty is through improving the composition and effectiveness of public expenditure. Governments are now changing the way they think about public spending and poverty reduction. A decade ago, broad spending targets were seen as adequate indicators of commitment to poverty reduction. Now a more sophisticated understanding is emerging, which links expenditure more clearly to the *outputs* and *outcomes* of public spending.

This increased focus on the outcomes of public spending has acquired the label of '*public expenditure management*' (PEM). In essence, PEM refers to how public resources are organised, managed, accounted for and audited. However, PEM is hampered by failures in understanding what is affordable over the medium term; defining how sectoral policies drive resource use; and considering expenditure outcomes. MTEFs represent institutional and technical responses to these problems.

Principles of MTEFs

MTEFs have broken new ground in (i) focusing on the sectoral allocation of expenditure, (ii) linking expenditure with performance, and (iii) identifying the institutional relationships that determine good expenditure outcomes.

In broad terms, a MTEF is a tool for linking policy, planning and budgeting over a three-year period. MTEFs aim to ensure that government policies are in line with government fiscal policy, and that resources are allocated in accordance with government priorities and used in an efficient and effective manner. They seek to:

- estimate the resources that are likely to be available in the medium term;
- match expenditure to available resources;
- establish procedures that guide the allocation of expenditure amongst sectors in line with a government's development priorities;
- improve sector planning by ensuring a more predictable flow of resources in the medium term; and
- improve the impact of expenditure.

Annual planning does not lend itself well to planning for poverty reduction. Hence, the MTEF is extremely important to the success or failure of the PRSP.

How MTEFs are developed

MTEFs are a recent innovation, so there is limited consistency in the use of the term and of its basic components. Nonetheless, for most practitioners, a distinction is made between three different levels – fiscal, budget and expenditure.

- i. The medium-term **fiscal** framework is usually the first MTEF component. It outlines fiscal policy objectives and sets out linked medium-term targets and projections. A government uses this framework to specify the amount of resources it expects to have, and the levels it would like to see for its economic indicators (such as inflation and interest rates). It helps governments to be realistic about investment and to manage short-term fluctuations in income and expenditure.

- ii. The next stage is the development of medium-term **budget** estimates for spending agencies. Based on what is affordable in the medium term, Ministries of Finance (MoF) define national policy objectives and priorities. With cabinet endorsement, the MoF tells sector ministries what can be spent, and what outputs it expects to see. By tying the national budget to the medium-term fiscal framework, the budget becomes financially realistic and spending is guided by a constrained resource envelope.
- iii. The medium-term **expenditure** framework develops the approach further by adding elements of *activity-* or *output-*based budgeting. This contrasts with traditional *input-*based budgeting, where budget negotiations between the MoF and sector ministries concern how much a ministry will receive, rather than its actual or expected achievements. An important element of the MTEF, therefore, is the development of an effective challenge function by the MoF, where it contests outcomes and outputs of public spending. In this way, the MTEF process is dynamic, with MoF regularly checking that funds are spent on achieving results that are consistent with government priorities.

INSIGHT

The Uganda MTEF began in 1992 and has undergone three major phases. The first, from 1992-94, focused on the macroeconomic framework and selective treatment of medium-term allocation (e.g. wage bill, defence, roads etc.). The second, from 1995-97, examined both the macroeconomic framework and comprehensive sector allocation, which linked to sector policy objectives (e.g. National Poverty Eradication Action Plan). The current phase focuses on annual consultations with donors, legislature, and civil society.

Early lessons are emerging about the viability and impact of MTEFs.

- MTEFs are complex and demand high levels of institutional and organisational capacity.
- MTEFs are probably viable only in countries with a stable macroeconomic setting.
- MTEF-based reforms are sustainable only if they demonstrate early benefits to key players in the process.
- Clarity of national and sectoral objectives is crucial.

Relationship between MTEFs and SL approaches

MTEFs impact on the livelihoods of the poor primarily through policies, institutions and processes. By improving the way in which public money is allocated and spent, MTEFs can strengthen livelihoods by:

- increasing access of the poor to assets (e.g. through increased expenditure on rural infrastructure, health and education); and
- increasing the returns to the assets of the poor (e.g. by reducing rural transport costs, or improving agricultural technology).

In the past, there may have been a tendency to view budget-based approaches as inconsistent with SL approaches. The main reason for this perception probably lay in an assumed inconsistency between the principles of SL approaches – which emphasise bottom-up, inclusive processes – and those of PEM, which may appear top-down and exclusive.

In fact, there is much to link the two approaches:

- both emphasise the importance of being cross-sectoral. For MTEFs, it is clear that the achievement of policy goals requires progress to be made across sectors;
- both recognise the importance of policies as instruments for poverty reduction;
- both are concerned with outcomes. For MTEFs this means that objectives are interpreted in terms of the impact of government policy on the livelihoods of the poor;
- both stress the fundamental importance of participation, though this is a new emphasis in relation to PEM. Civil society is increasingly seen as playing a key role in relation both to the determination of policies and to the monitoring of their impact;
- both share the principle of sustainability. MTEFs aim to strengthen financial sustainability that will in turn contribute to the sustainability of livelihoods.

What value can SL approaches bring to the formulation of a MTEF?

SL approaches can help to make the outcomes of PEM more effective by:

- ensuring that medium-term financial frameworks are based on a systematic consideration of the consequences of specific macroeconomic targets on the livelihoods of the poor;
- ensuring that the design and implementation of government policies is based on a sound understanding of the livelihoods of the poor and the way in which government spending can strengthen these;
- helping to promote participation, transparency and accountability in PEM; and
- strengthening cross-sectoral policy formulation processes.

How can SL approaches be incorporated into the formulation of a MTEF?

There is an opportunity to use SL principles in the design and implementation of MTEFs. For example, ministries of finances could:

- adopt the livelihoods framework as an analytical tool to better understand the links between sectoral policies and poverty impact;
- use SL approaches to determine efficient indicators of performance and outcome with which to assess the performance of sector ministries;
- use area-specific livelihoods analyses to establish constructive participation between government and civil society; and
- pilot approaches at the local level to develop cross-sectoral dimensions to the policy and priority setting process for decentralised authorities.

6.4 RIGHTS-BASED APPROACHES

The 1997 *White Paper* commits DFID to promoting human rights through policy and practice. In response to the universal declaration on human rights and subsequent UN conventions, DFID's Human Rights Strategy Paper acknowledges the relationship between human rights and issues of inequality and social exclusion. A SL approach can help to build upon this in order to tackle poverty in all its dimensions.

Principles of rights-based approaches

The objective of a rights-based approach to development is the achievement of all human rights for all. This includes civil and political rights (e.g. freedom of speech, religion, political affiliation and assembly) and economic, social and cultural rights (e.g. rights to health, education, shelter, land, a livelihood). Rights are universal, they apply equally to everyone, and they are indivisible, all rights are equally important; no one right or set of rights takes precedence over another.

A rights perspective asserts the causal link between political marginality and poverty, and thus emphasises questions of social differentiation and social exclusion. Rights-based approaches aim to strengthen the claims of the most vulnerable, such as women, children and minorities, to the social, political and economic resources that all should enjoy.

Rights-based approaches are concerned with individual and group *entitlements* to basic services and livelihoods. This means that, for example, schooling is to be regarded as a right rather than being granted on the basis of need. Entitlements, thus, represent claims or demands that individuals or groups can make, principally on the state. Analysing why citizens are unable to claim their rights and ensure accountability by public institutions is an exercise of fundamental importance for a rights-based approach. Non-state actors, such as national and international NGOs and the private sector, are also required to take account of rights in their actions.

How a rights-based approach is implemented

Rights-based approaches aim to strengthen political participation by the poor, offering them a voice in decision-making forums and enabling them to actively claim their rights. They also focus on reform to local, national and international laws, policies and institutions to render them more responsive to the interests and rights of the socially excluded.

In order to achieve this, rights-based programmes may entail:

- strengthening poor people's organisations;
- programmes to educate and inform poor people of their rights;
- participatory planning that allows people to define their own priorities;
- training for officials responsible for delivering services to ensure equity of treatment;
- reform of laws and policies; for example, securing rights of land tenure;
- legal representation to enable people to claim their rights; and
- civil society monitoring of the performance of public institutions and budget processes.

Rights-based approaches are new, however, and translating principles into practice is still at an early stage. One question concerns the translation of the principle of indivisibility in the context of resource poor governments. Since not all claims can be met simultaneously, what does it mean to assert that governments have a duty to ensure that all citizens are educated, housed and healthy? Rights-based approaches focus on the participation of civil society in defining targets and benchmarks so that governments' progress towards the realisation of rights can be monitored. Combining rights-based and SL approaches can further assist in answering this question.

Relationship between SL approaches and rights-based approaches

There is a natural affinity between rights-based and SL approaches. Both are concerned with the fact that although all citizens have the same entitlements, access to rights and resources is not equal. Consequently, promoting empowerment, participation and accountability are essential components of both approaches – in rights-based approaches so that the poor can enjoy their rights, and in SL approaches so that they can formulate their livelihood strategies. Both approaches also emphasise the importance of understanding and influencing the policies, institutions and processes that govern people’s access to entitlements and resources.

INSIGHT

In both Russia and Cambodia, the use of livelihood analyses identified unclear property rights as a major constraint to livelihood security. Helping to resolve the tenure issue fits well with both SL approaches and rights-based approaches.

How can SL approaches add value to rights-based approaches?

A sustainable livelihoods approach can help identify which rights are important for poor people’s livelihoods. A livelihoods perspective encourages a holistic analysis of the social context in which rights are present or absent. It can help to identify and prioritise entry points and possible phasing in of rights programmes. For example, where a livelihoods analysis identifies a lack of specific rights as preventing livelihoods from being sustained or improved, or reveals marginalised groups, these can be possible entry points. The SL approach can also assist with the sequencing of rights. Because it encourages a dynamic perspective, the SL approach can suggest ways to improve all rights incrementally, rather than prioritising some rights over others.

A livelihoods analysis can also tease out the relative weight to be attached to legal, institutional or social factors in preventing the fulfilment of rights, and the connectedness between different factors. For example, if children are not in school, this may be because the government is unwilling to fulfil its responsibilities or because it lacks the resources to do so, or it may be because the household depends on the children’s labour. For girls, traditional social attitudes may be the root of the problem. A livelihoods analysis can thus bring to light the key changes that need to be made in legal, institutional and social arrangements to ensure that people enjoy full and secure access to their rights.

Linking SL approaches and rights-based approaches

Incorporating a rights perspective within the SL approach can encourage a sharper focus on issues of social exclusion and political capital than would be possible using the SL framework alone. A rights analysis might show, for example, that legal reform giving women formal title to land would be the single most important factor in enabling them to capitalise on their assets. In this respect, including rights audits or assessments in a livelihoods analysis can be useful in identifying the responsibilities that others have for achieving sustainable livelihoods.

Because rights-based approaches are founded in international law they can give a livelihoods analysis a wider focus. Whether at local, national or international levels, rights-based approaches can point to the legal and other mechanisms that can enhance the delivery of entitlements. Rights-based approaches are particularly valuable in situations of conflict, where abuses of human rights may make sustaining livelihoods exceptionally difficult.

INSIGHT

Methodologies for analysing rights issues are currently being developed. UNICEF, for e.g., has carried out consultation exercises in order to assess the consistency between a government's legislation and policies and their human rights obligations. DFID is investigating how participatory research tools might clarify people's own understanding of their rights and the obstacles they face in claiming them. Two-stage pilot studies have been designed in which participatory methods will first be used to analyse issues of participation, inclusion and accountability. The second stage will use this information as a basis for auditing institutional arrangements, practices, policies and legislation.

6.6 GOVERNANCE AND SL APPROACHES 6.5

What is governance?

There has been much debate about the meaning of the term governance. UNDP defines governance as the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. It is used to mean 'the mechanisms, processes, and institutions through which citizens and group articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences'. In its 2000 Target Strategy Paper on *Making Government Work for Poor People*, DFID interprets governance to mean 'how the institutions, rules and systems of the state – the executive, legislature, judiciary and military – operate at central and local level, and how the state relates to individual citizens, civil society and the private sector'.

INSIGHT

An important challenge for governance is in ensuring that a supportive environment for sustainable livelihoods is developed at all levels at which decision-making takes place.

Principles of governance

DFID's governance agenda is based on six principles:

- Rule of Law – legal frameworks should be fair and laws enforced impartially;
- Transparency – which relies on the free flow of relevant and understandable information;
- Accountability – where decision-makers in the public and private sectors, and from civil society, are answerable to the public;
- Equity;
- Universality; and
- Political Contestability – where there is competition between political parties, which are elected through a democratic process.

UNDP's approach to governance differs only slightly in that it places greater emphasis on participation, whereby all men and women have a voice in decision-making.

DFID's approach to governance further emphasises the importance of governance for establishing the legitimacy and sustainability of a country's development path. Its prime focus is on poor people, it is based on detailed knowledge and contextual understanding, and it is multi-sectoral, incorporating public sector, private sector, and civil society, especially NGOs.

How governance approaches are developed

From the DFID perspective, where partner countries welcome external development assistance, there is a legitimate and necessary interest to promote improved governance. DFID has recently developed tools for *good governance assessments*, which systematically analyse the nature of governance (see 4.3). Assessment goes well beyond simplistic institutional analysis to consider an array of interests and motivations that can provide insights into how institutional structures operate to yield particular forms of governance. A further analytical step is to identify which elements of governance have the greatest potential to contribute to the achievement of development priorities for poverty reduction.

INSIGHT

The Western Ghats forestry Project in Karnataka, India, applied a governance approach, based on the thinking that without change in the institutional environment and the delivery mechanism, there would be little real change in livelihood outcomes. The governance framework adopted by the project for promoting *change* was based on identifying and analysing the roles, functions, and relationships of different agencies.

The starting point in addressing governance issues should be poor people themselves. The priority is to support partner governments to address those shortcomings in governance that most restrict people's capacity to escape poverty. This may entail a concern for many levels of governance – ranging from those most proximate to poor people (e.g. their personal security and the effectiveness of public sector service delivery) – to governance concerns at a more macro level (e.g. where extreme forms of corruption may be considered a significant obstacle to attracting investment and generating a dynamic economy).

It is important to note that governance may be seen as both a means to an end, and as an end in its own right. As a means to enhancing well-being, the focus would be on how governance influences the creation of opportunities that poor people can exploit to construct sustainable livelihoods. Improved security and greater participation of the poor are in themselves desirable outcomes of good governance.

DFID's Target Strategy Paper on governance focuses on *key capabilities of the state* that are seen as fundamental to the achievement of the IDTs. The principles of governance translate into seven essential prerequisites for a government that works better for people. These are:

- political systems that permit all people to organise and influence state policy and practice;
- macro economic stability and private-sector investment and trade;
- policies that lead to a pro-poor allocation of resources;
- equitable and universal provision of effective basic services;
- safety, security, and access to justice for all;
- non-violent conflict resolution; and
- honest, accountable government that can combat corruption.

Support for satisfying these requirements may involve programmes to bring benefits directly to poor people, and programmes to develop the capacity of the state to play an enabling role. Country-level frameworks such as CDFs, NSSDs and PRSPs can provide mechanisms for collaboration between government, development agencies and civil society for the pursuit of governance objectives.

INSIGHT

DFID is supporting urban-poverty-reduction programmes in 32 towns across the Indian State of Andhra Pradesh. The project, run by the government of Andhra Pradesh, aims to benefit an estimated 2.2 million poor people, through: improving the performance of municipalities, improvements to environmental infrastructure, and strengthening civil society to influence the range and qualities of services. A central feature of this programme is the Municipal Action Plan for Poverty Reduction, which will provide poor people with an effective way of expressing their needs, and will give municipalities an institutional mechanism for incorporating these needs into planning and budgeting.

Relationship between SL approaches and governance approaches

Both governance and SL approaches share the common principles of being people-centred, participatory, multi-sectoral, and promoting analysis and action at multiple levels. In contrast to the *distributive* side of politics (i.e. 'who gets what, when and how?'), governance encompasses the *constitutive* side of politics (i.e. 'who set what rules, when and how?'). With its focus on empowerment and enhanced access to resources, the SL approach calls for a change in the rules and, by implication, a shift in power relations in order to achieve positive livelihood outcomes. SL approaches, as a vehicle for poverty alleviation therefore require attention to governance. For example, emphasis upon the personal security of citizens and rule of law is important for reducing vulnerability and increasing well-being – by creating a political culture supportive of democratic systems of dealing with disputes; in establishing and implementing legislation for the protection of assets; and for strengthening people's rights of access.

INSIGHT

Natural resource management issues are essentially governance issues, because they address issues of collective responsibility, distribution and conflict management, which all imply power relationships.

How can SL approaches add value to governance approaches?

SL approaches can identify the governance issues that have the greatest implications for poor people's livelihoods. They can help to identify and prioritise governance interventions at all levels (international through to the household) that are likely to have the greatest impact on poverty. In this way SL approaches can bring governance measures closer to the real interests and demands of poor people.

SL approaches can add value in other ways:

- by identifying the importance of heterogeneity, SL approaches may help promote a more decentralised and locally-responsive approach to policy implementation;
- by ensuring that the design and implementation of government policies is based on a sound understanding of the livelihoods of the poor.

INSIGHT

UNDP's approach to governance acknowledges that changes in power relations are the result of leadership interventions from above as much as citizens' demands from below. Power relations may be changed through a process of *articulation* (voice, decision-making on issues that concern the use of common-pool or public goods); *mobilisation* (of groups of citizens); *distribution* of power (as more and more groups begin to compete for influence); and finally *confirmation* of power (typically through judicial institutions but is more generally dependent on the readiness of both citizens and public institutions to respect the principle of rule of law). This aspect is important in a SL context because it points to the importance of a rights-based approach to development.

How can SL approaches be linked to governance approaches?

SL approaches can act in synergy with governance approaches to help to establish an enabling environment for sustainable development and poverty reduction. Livelihoods analyses can provide the detailed, contextual information required to design governance mechanisms that are grounded in local realities and tailored to the livelihood situation of the communities that they intend to benefit. In particular, SL approaches can help to identify entry points for governance interventions, bottlenecks in the development process caused by governance-related factors, or where new opportunities emerge for enhancing livelihood outcomes. For example, through developing an understanding of the livelihoods of different sections of a community, social analysis can reveal groups that may be denied access to certain assets and livelihood choices, highlighting the need to guard against any discrimination.

6.6 SECTOR-WIDE APPROACHES

A Sector-Wide Approach (SWAp) focuses on the overall effectiveness of a particular sector, such as agriculture or education, and combines institutional development, policy dialogue and service delivery. SWAps have been developed over the past five years in response to perceived shortcomings of project-led approaches to development aid.

Problems identified with project-level assistance have included: inconsistencies between policies and resource allocations; inadequate support for recurrent costs; differences in standards of service coverage and institutional performance; lack of government ownership; high transaction costs; donor duplication and gaps in implementation and contradictions in approaches, policies and priorities.

Principles of SWAps

SWAps aim to overcome the above problems by:

- **Encouraging national ownership** – governments lead and own the process;
- **Adopting an integrated framework** – integrating government and donor support within a single planning, management and expenditure framework with the aim of ensuring that sector expenditure programmes are in line with national priorities;
- **Promoting common procedures** – to be adopted across the sector by Government and donors; and
- **Emphasising capacity building** – government systems are adopted as far as possible to disburse and account for all funds (including aid), and implement and monitor the programme.

It should be noted that a SWAp is a *process*, not a blueprint. Existing SWAps are generally moving towards implementing these principles, although practice varies between countries and sectors, depending on the level of aid dependency, government capacity, and the degree of accord within the donor community.

How SWAps are developed

A typical SWAp process goes through the following stages:

- i. Agreeing on the need for an approach that addresses the whole sector.
- ii. Agreeing on a sector policy, strategy and work plan.
- iii. Agreeing on a common financing mechanism for the strategy (including government and donor contributions).
- iv. Agreeing funding mechanisms for external assistance.
- v. Implementing the sector plan with a clear understanding of obligations and expectations of both parties.

SWAps require a stable, enabling macro environment, transparent and accountable government organisation, and strong political will among both donors and government. They help to strengthen government, private, and civil society institutions and clarify their roles and responsibilities.

Relationship between SWAps and SL approaches

SL approaches and SWAps both emphasise policies, institutions, and processes, and the need for appropriate reform. Where the major constraint to livelihoods is poor performance by government agencies at a sectoral level, then sector-wide support programmes are often highly appropriate.

However, the sector-wide approach is perhaps less obviously supportive of SL approaches than other development approaches. Whilst SL approaches emphasise people-centred, decentralised development, SWAps have been viewed as top-down, non-participatory, and concerned with centrally- driven agendas and the needs and capabilities of the public sector. SWAps are by

definition sectoral, whereas the promotion of sustainable livelihoods requires cross-sectoral measures. SWAp may also fuel the assumption that aid should be disbursed through government channels. It has been argued that a livelihoods approach is one way of mitigating some of these problems.

How can SL approaches add value to SWAps?

Many of the advantages of SL approaches stem from the participatory diagnosis of factors that shape poor people's livelihoods. SL analysis can feed into the design and implementation of a SWAp by:

- promoting the participation of different livelihood groups in the design of pro-poor sector strategies;
- making SWAps more responsive to the diversity of local needs;
- creating better understanding of how particular sectors contribute to the livelihoods of the poor, as well as by encouraging cross-sectoral links;
- encouraging sectoral goals to be defined and designed in terms of human outcomes;
- ensuring that programme indicators are selected for their appropriateness, sensitivity, relevance, and their ability to assess non-quantifiable livelihood benefits;
- encouraging cross-sectoral ministerial participation as well as the involvement of other partners;
- highlighting long-term issues of sustainability.

How can SL approaches and SWAps be linked?

Sector programmes are now aiming to adopt the principles of participation, to support decentralisation, and to emphasise the demand-side of service-delivery issues. SL approaches can reinforce these efforts by providing a set of principles and a source of information to help shape and assess SWAps. Figure 1. shows how SL approaches can link directly to SWAps by supporting the development of appropriate indicators for programme monitoring.

The evidence so far shows that SWAps work best where they focus on a single sector and are less successful at forging links between line ministries. Rather than attempt to overcome these problems from within individual sector programmes, stronger links need to be created between them through national initiatives, such as PRSPs, CDFs or NSSDs.

Experience with SWAps has shown that dialogue and agreement on priorities between government and donors are crucial, however each may utilise different development tools. While SL tools may help to prioritise issues, the methodology used is less important than ensuring that livelihoods concerns and principles help to shape sectoral priorities.

