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The Sustainable Livelihoods Approach

Abstract
{Excerpt} The sustainable livelihoods approach improves understanding ofthe livelihoods of the poor. It organizes the factors that constrain or enhance livelihood opportunities, and shows how they relate. It can help plan development activities and assess the contribution that existing activities have made to sustaining livelihoods.

The sustainable livelihoods approach facilitates the identification of practical priorities for actions that are based on the views and interests of those concerned but they are not a panacea. It does not replace other tools, such as participatory development, sector-wide approaches, or integrated rural development. However, it makes the connection between people and the overall enabling environment that influences the outcomes of livelihood strategies. It brings attention to bear on the inherent potential of people in terms of their skills, social networks, access to physical and financial resources, and ability to influence core institutions.

Keywords
Asian Development Bank, ADB, poverty, economic growth, sustainability, development

Comments
Suggested Citation

Serrat, O. (2010). *The sustainable livelihoods approach.* Washington, DC: Asian Development Bank.

Required Publisher's Statement

This article was first published by the Asian Development Bank (www.adb.org)

This article is available at DigitalCommons@ILR: http://digitalcommons.ilr.cornell.edu/intl/191

The Sustainable Livelihoods Approach

by Olivier Serrat

The sustainable livelihoods approach improves understanding of the livelihoods of the poor. It organizes the factors that constrain or enhance livelihood opportunities, and shows how they relate. It can help plan development activities and assess the contribution that existing activities have made to sustaining livelihoods.

Livelihoods

A livelihood comprises the capabilities, assets, and activities required for a means of living. It is deemed sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets, and activities both now and in the future, while not undermining the natural resource base.

The Sustainable Livelihoods Approach

The sustainable livelihoods approach is a way of thinking about the objectives, scope, and priorities for development activities. It is based on evolving thinking about the way the poor and vulnerable live their lives and the importance of policies and institutions. It helps formulate development activities that are

- People-centered
- Responsive and participatory
- Multilevel
- Conducted in partnership with the public and private sectors
- Dynamic
- Sustainable

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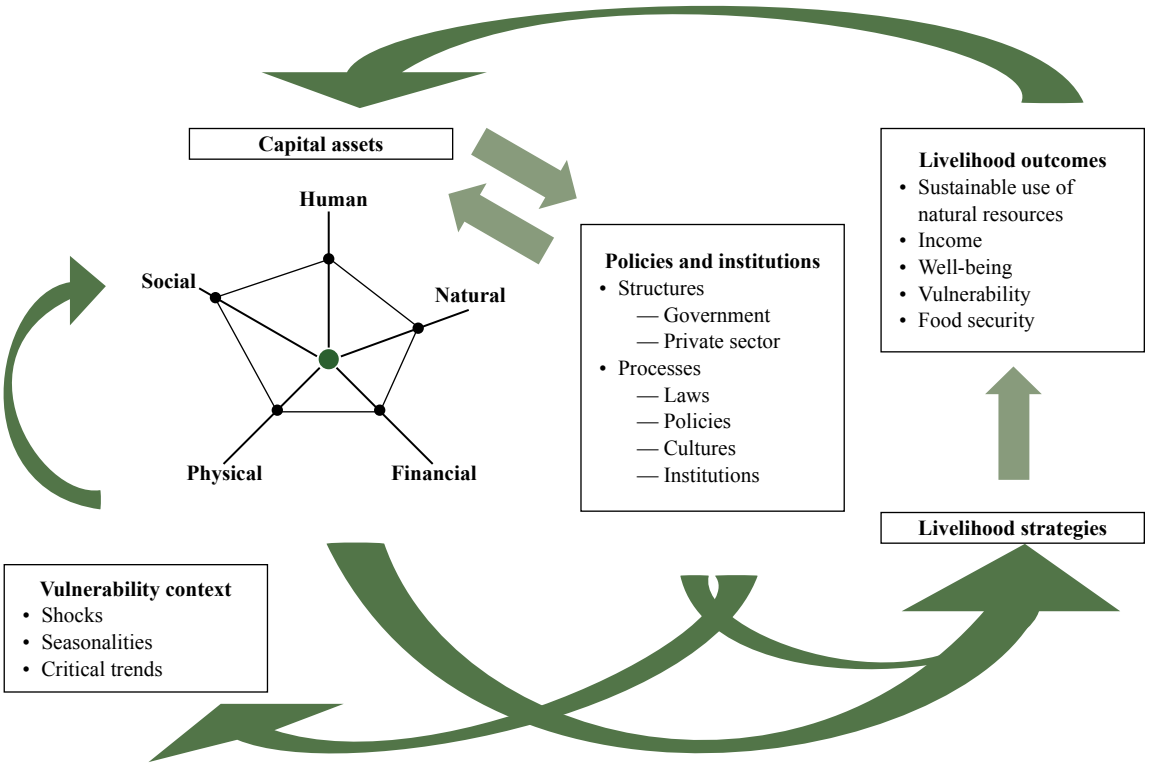
Appreciative inquiry—originally developed as a tool for industry to avoid negative approaches to problem solving—extends this constructive outlook. Appreciative inquiry is a highly inclusive process that maximizes the positive (as opposed to minimizing the negative) in which a community takes responsibility for generating and gathering information and then forms strategies based on the most positive experiences of the past.

Figure: The Sustainable Livelihoods Framework



Source: Department for International Development of the United Kingdom.

Capital Assets

The sustainable livelihoods framework helps to organize the factors that constrain or enhance livelihood opportunities and shows how they relate to one another. A central notion is that different households have different access livelihood assets, which the sustainable livelihood approach aims to expand. The livelihood assets, which the poor must often make trade-offs and choices about, comprise:

- **Human capital,** e.g., health, nutrition, education, knowledge and skills, capacity to work, capacity to adapt
- **Social capital,** e.g., networks and connections (patronage, neighborhoods, kinship), relations of trust and mutual understanding and support, formal and informal groups, shared values and behaviors, common rules and sanctions, collective representation, mechanisms for participation in decision-making, leadership
- **Natural capital,** e.g., land and produce, water and aquatic resources, trees and forest products, wildlife, wild foods and fibers, biodiversity, environmental services
- **Physical capital,** e.g., infrastructure (transport, roads, vehicles, secure shelter and buildings, water supply and sanitation, energy, communications), tools and technology (tools and equipment for production, seed, fertilizer, pesticides, traditional technology)
- **Financial capital,**[1] e.g., savings, credit and debt (formal, informal), remittances, pensions, wages.

[1] Financial capital tends to be the least available livelihood asset of the poor. Indeed, it is because the poor lack it that the other types of capital are so important to them.

Vulnerability Context

Vulnerability is characterized as insecurity in the well-being of individuals, households, and communities in the face of changes in their external environment. People move in and out of poverty and the concept of vulnerability captures the processes of change better than poverty line measurements. Vulnerability has two facets: an external side of shocks, seassonalities, and critical trends; and an internal side of defenselessness caused by lack of ability and means to cope with these. The vulnerability context includes

- shocks, e.g., conflict, illnesses, floods, storms, droughts, pests, diseases
- seasonalities, e.g., prices, and employment opportunities
- critical trends, e.g., demographic, environmental, economic, governance, and technological trends.

Policies and Institutions

Livelihood strategies and outcomes are not just dependent on access to capital assets or constrained by the vulnerability context; they are also transformed by the environment of structures and processes. Structures are the public and private sector organizations that set and implement policy and legislation; deliver services; and purchase, trade, and perform all manner of other functions that affect livelihoods.

Processes embrace the laws, regulations, policies, operational arrangements, agreements, societal norms, and practices that, in turn, determine the way in which structures operate. Policy-determining structures cannot be effective in the absence of appropriate institutions and processes through which policies can be implemented. Processes are important to every aspect of livelihoods. They provide incentives that stimulate people to make better choices. They grant or deny access to assets. They enable people to transform one type of asset into another through markets. They have a strong influence on interpersonal relations. One of the main problems the poor and vulnerable face is that the processes which frame their livelihoods may systematically restrict them unless the government adopts pro-poor policies that, in turn, filter down to legislation and even less formal processes.

Livelihood Strategies and Outcomes

Livelihood strategies aim to achieve livelihood outcomes. Decisions on livelihood strategies may invoke natural-resource based activities, non-natural resource based and off-farm activities, migration and remittances, pensions and grants, intensification versus diversification, and short-term versus long-term outcomes, some of which may compete. (One of the many problems of development is that projects and programs, while favoring some,can disadvantage others.)[2] Potential livelihood outcomes can include more income, increased well-being, reduced vulnerability, improved food security, more sustainable use of the natural resource base, and recovered human dignity, between which there may again also be conflict.

Implications

The sustainable livelihoods approach encourages thinking out of the box. It frees development practitioners from conventional approaches that are often restricted to identifying problems and finding solutions. It invites them to look at contexts and relationships so that development activities can become more process-oriented. It compels them to look for multiple entry points and to move beyond a homogenous "community" view and a narrow sectoral perspective. It represents an important shift away from the focus on project inputs and outputs and the assumed mechanical links between them. In particular, the sustainable livelihoods approach stresses the importance of understanding institutions by mapping the institutional framework and linking the micro to the macro and the formal to the informal. Therefore, it calls for a new style of policy appraisal that moves from universal prescriptions to context-specific approaches that allow alternative, local perspectives to reveal themselves in the policy framework.

[2] There is no quick fix for this problem. Its existence underlines the need to give choice and opportunities to the poor and build their ability to take advantage of these, and extend safety nets for those who still cannot achieve their livelihood objectives in a competitive environment.

Caveat

The sustainable livelihoods approach is only one way of organizing the complex issues that surround poverty. It must also be made appropriate to local circumstances and local priorities.

Box: Sustainable Livelihoods Frameworks—Strengths and Weaknesses

Strength	Weakness
Seeks to understand changing combinations of modes of livelihood in a dynamic and historical context	Underplays elements of the vulnerability context, such as macroeconomic trends and conflict
Explicitly advocates a creative tension between different levels of analysis and emphasizes the importance of macro- and micro-linkages	Assumes that capital assets can be expanded in generalized and incremental fashion
Acknowledges the need to move beyond narrow sectoral perspectives and emphasizes seeing the linkages between sectors	Does not pay enough attention to inequalities of power
Calls for investigation of the relationships between different activities that constitute livelihoods and draws attention to social relations	Underplays the fact that enhancing the livelihoods of one group can undermine those of another

Source: Author.

Further Reading

Livelihoods Connect. 2008. Available: www.livelihoods.org/index.html.
ADB. 2004. *Tonle Sap Initiative Brochures: Tonle Sap Sustainable Livelihoods*. Manila. Available: www.adb.org/projects/tonle_sap/tonle-sap-200412.pdf.

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Asian Development Bank

ADB, based in Manila, is dedicated to reducing poverty in the Asia and Pacific region through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by 67 members—48 from the region. In 2007, it approved $10.1 billion of loans, $673 million of grant projects, and technical assistance amounting to $243 million.

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