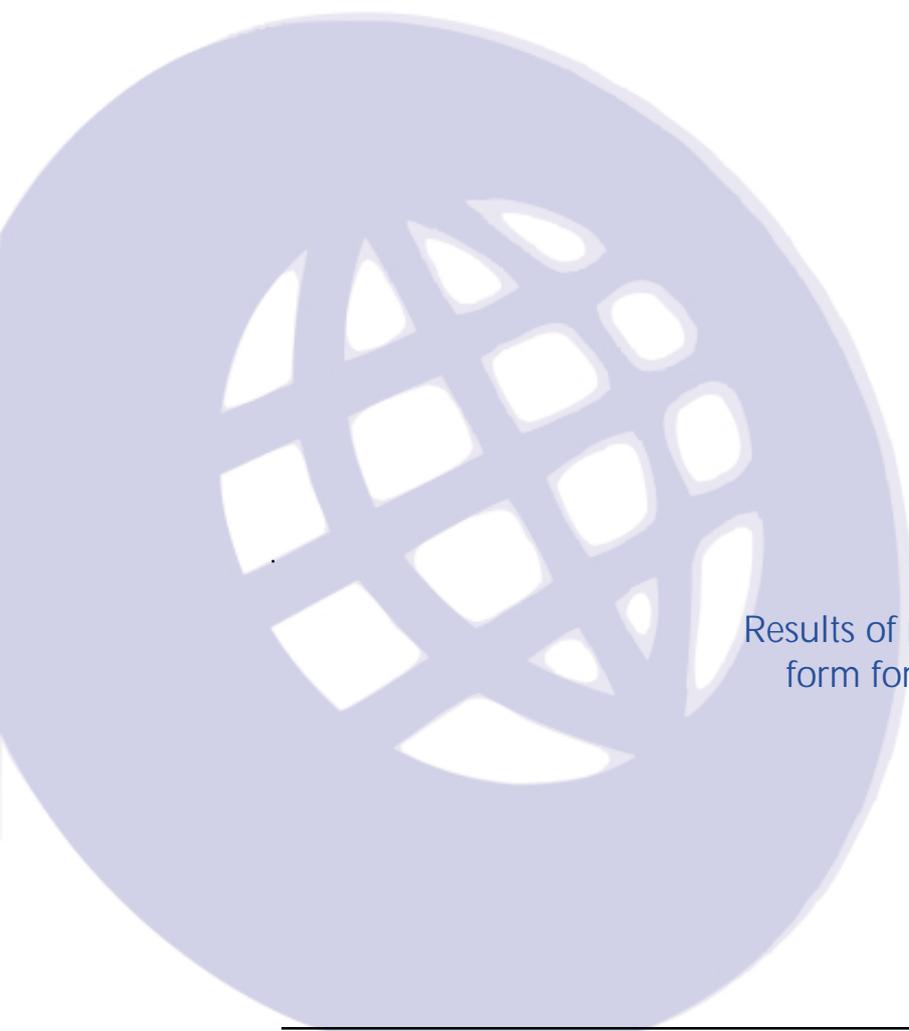


Sustainable Livelihoods and Project Design in India

Cathryn Turton

Working Paper 127

Results of research presented in preliminary
form for discussion and critical comment



Working Paper 127

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Acronyms

DFID	Department for International Development
DRD	Department for Rural Development
EIRFP	East India Rainfed Farming Project
GoAP	Government of Andhra Pradesh
GoI	Government of India
GoO	Government of Orissa
LST	Livelihood Support Team
MoRAE	Ministry of Rural Areas and Employment
NABARD	National Bank for Agriculture and Rural Development
NR	natural resources
NTFP	Non timber forest products
PRI	Panchayati Raj Institutions
SHG	self help group
SL	Sustainable Livelihood
WIRFP	West India Rainfed Farming Project
WSD	Watershed Development

Summary

This paper reviews the design of two new DFID projects in Orissa and Andhra Pradesh, India. The projects aim to contribute to the Government of India's efforts to eliminate poverty through support to its watershed development programme. The design of the two projects ran parallel to the development of the Sustainable Livelihoods (SL) approach and framework. This paper explores how these emerging concepts fed into the design process of the two projects.

The design process in Orissa did not explicitly use SL tools such as the 'framework' throughout, but some SL principles and concepts were incorporated into the process, chiefly at a workshop and a series of team meetings towards the end of the design process. Above all, SL perspectives provided a neutral ground for understanding the relationships between the different findings and ensuring that team members were talking a 'common language'. It broadened their outlook – forcing design team members to think about what the findings of the different disciplinary studies told them about why the poor struggle to secure a livelihood in western Orissa. Applied towards the end of project preparation, the SL framework – particularly the capital assets component – proved to be of particular help in integrating the insights into the nature of poverty emerging from the four studies and drawing out the implication of these for potential project approaches and activities.

The process of project development in Andhra Pradesh proceeded in a very different way. This was partly due to both the Government of Andhra Pradesh's (GoAP) clear vision on what a partnership with DFID should be based around and its experience in implementing watershed development projects. The design focused much more on identifying the type of support needed to strengthen its ongoing programmes and was largely driven by the DRD – in close consultation with NGOs. The SL approach and framework were not explicitly adopted as an analytical or planning tool. The value of SL perspectives here lay largely in allowing DFID-India to clarify its own priorities and then screen the approaches adopted by potential partners to assess their consistency with DFID's priorities.

Despite the different approaches and institutional contexts, the projects share some important similarities. Both projects recognise that although an improved natural resource can contribute to enhanced livelihoods it is not a panacea. They place a strong emphasis on broadening the scope of watershed development activities, empowering the poor to enable them to participate in the institutional processes and linking communities to a wider range of government programmes, and social and economic opportunities. They also recognise that there is little point in micro-planning *activities*: there is substantial flexibility for local communities to prioritise project interventions, and include viable non land-based activities. A lot of thought in the design of both projects went into identifying a number of trends and institutional changes that attempt to respond to the needs of the rural poor – a central pillar of the SL approach. Both projects recognise the importance of strengthening the impact of these trends.

There are also some important differences between the two projects. In Orissa, with its more limited experience of implementing watershed projects, the emphasis is on gaining experience first before scaling up. Given the nature and structure of inequities in the project districts, the project emphasises 'participation'. 'Livelihood support teams' will be deployed to analyse the livelihood needs of the most vulnerable, initiate social organisation and capacity building and facilitate negotiation of resource rights for the poor. Substantial funds are available for 'watershed plus' activities in recognition of alienation of the poor from the resource base.

In Andhra Pradesh, the emphasis is more on capacity building and institutional strengthening to enable the watershed programme to be scaled up. Less money is allocated to project activities, rather the aim is to encourage the convergence of other rural development programmes at the watershed level. Lesson learning to inform policy change is central to the project.

The SL approach added value to the project design process. It encouraged a more holistic understanding of the needs and priorities of the poor and also drew attention to the importance of policy and institutional structures. This presents DFID with a new set of challenges. How do projects prioritise their activities? Both projects illustrate the importance of drawing on past experience, existing skills, established partnerships and opportunities to support *positive directions* of change. Much of the success of the project will depend on policy-led changes in the institutions and processes that provide the current framework of social and economic activity. However, the question arises as to what donors can achieve in this area? There is little evidence – especially in the Indian context – that donors can influence those underlying causes of poverty rooted in power structures.

Perhaps the biggest challenges relate to the implications of the SL approach for project implementation rather than to any conceptual questions. Learning processes are central to the SL approach. Changes over time in the opportunities and constraints influencing the livelihood options of the poor need to be mapped out and course corrections incorporated. Iterative approaches to project design and implementation can only work if funding agencies (DFID-India) and implementing partners (Orissa and Andhra Pradesh governments) can cope with the demands of greater flexibility.

Overall the experiences of the two projects emphasised the importance of achieving a balance between on the one hand responding to poor peoples' livelihood needs and priorities, and on the other, supporting positive directions of change. Donors need to be realistic about the practicalities of developing effective and sustainable partnerships with national, State and district level government institutions. Rather than starting with a blank piece of paper the question was: 'how to make an innovative rural development initiative (attracting significant government funding) 'fit' better with people's livelihood strategies and make it better at responding to the constraints and opportunities affecting the rural poor'.

1. Introduction

This paper reviews the design and evolution of two new DFID projects in Orissa and Andhra Pradesh, India. The projects aim to contribute to Government of India's efforts to eliminate poverty through support to its watershed development programme. The design of the two projects ran parallel to the development of the Sustainable Livelihoods (SL) approach and framework. This paper explores how these emerging concepts fed into the design process of the two projects.

Section 2 provides some background to DFID-India's experience in rural development – tracing how DFID arrived at watershed development as one entry point for alleviating rural poverty. Section 2 also reviews the question as to whether watershed development is an appropriate entry point for supporting the livelihoods of the rural poor – in short whether it is congruent with emerging DFID policy on sustainable livelihoods. Sections 3 and 4 outline how the design process proceeded in Orissa and Andhra Pradesh respectively. They examine the way in which the SL approach interfaced with project design and how this influenced project approach and activities. Section 5 draws out some of common features of the projects' approach and also explores how the project design responded to the different institutional context for development in the two States. The paper concludes (Section 6) with some of the lessons and challenges associated with adopting a SL approach. It emphasises the importance of achieving a balance between on the one hand responding to poor peoples' livelihood needs and priorities whilst on the other supporting positive directions of change and being realistic about the practicalities of developing effective and sustainable partnerships.

2. Background: DFID support to rural development in India

In line with the emphasis in DFID's 1997 White Paper on partnerships, DFID-India is planning to work closely with the States of Orissa, Madhya Pradesh, West Bengal and Andhra Pradesh in the coming decade. The two new projects in Orissa and Andhra Pradesh agreed by DFID's Projects Review Committee (PRC) in 1999 represent a considerable expansion in support to the rural development sector. They aim to build on DFID's past experience and lessons – notably on the achievements of the east and west India rainfed farming projects (EIRFP and WIRFP). The features of the WIRFP, initiated in 1993, are summarised in Box 1. These are based on a participatory approach to the development of farming systems and have provided important insights into strategies and approaches which have an impact on the rural poor. They also highlight future challenges – strengthening links with government agencies, working alongside local Government, understanding and influencing policy and the need to disseminate lessons. Perhaps the biggest question is the extent to which such approaches are replicable and can be scaled up and mainstreamed by government and other agencies. Lessons emerging from the two rainfed farming projects are summarised in Box 1.

The new projects in Orissa and Andhra Pradesh build on DFID experience in the rural development sector

Box 1 Experiences emerging from the DFID-supported rainfed farming projects

Over the course of the project, important lessons have emerged in relation to:

The concept behind the project which has broadened from a focus on crops and farming systems – to include health, education and transport as entry point activities – to these as mainstream activities; and most recently expanding support to migration and income generating activities.

Technical insights into the interactions between components of the farming system; participatory variety selection and plant breeding; and in new areas – fodder and fish.

The importance of forming partnerships: first working through NGOs, Registered Societies and Co-operatives and later more intensively with Government; convergence with other government programmes; now working to influence policy.

A Welfare or business focus: bringing in the private sector, for instance to support the use of inputs.

Insights into poverty: poverty is also caused by an inequitable distribution of benefits as much as low NR productivity; need to explicitly identify the poorest groups and; operationalise a gender strategy; the importance of village motivators and specialists; great difficulty finding alternatives to land based IGAs.

Source: Sodhi (1999); Wilson (1999)

One of the DFID supported rainfed farming projects – the Western India Rainfed Farming Project – is presented in Annex 1.

The watershed development programmes of the Ministry of Rural Areas and Employment (MoRAE)¹ represent an important example of a government department which is trying to scale up and institutionalise participatory approaches to rural development and poverty alleviation. The main elements of philosophy and practice of microwatershed rehabilitation are summarised in Box 2. Over the last decade, the GoI has made substantial budgetary provisions – currently running at around \$400M/yr – for rehabilitating microwatersheds in semi-arid areas. There has been strong growth in both governmental and NGO capacity to implement watershed development projects. The MoRAE 1994 Watershed Development Guidelines responded to concerns that the full benefits of watershed approaches were not being achieved primarily due to the lack of peoples' participation. A

¹ The MoRAE was renamed the Ministry of Rural Development in mid-1999.

Box 2 Microwatershed rehabilitation

Watershed rehabilitation essentially aims to increase the productivity of agricultural and common pool (e.g. forest; grazing) resources through a combination of revegetation and soil and water conservation. The Government of India, plus a number of State governments, have made major allocations to watershed rehabilitation, amounting to some \$400M/yr, with around a further \$100M/yr from various donors.

This commitment is mainly driven by perceptions that around half of the national total of 170M ha of degraded land is to be found in undulating semi-arid areas. The perception is that technical solutions to rehabilitation are known and that these can sustainably enhance natural resource productivity, as well as having important poverty reduction effects.

The underlying technical principles are that revegetation in the upper slopes – generally comprising common pool forest and grazing land – together with simple contour bunds, apart from bringing productivity benefits in their own right, will increase the percolation of rainfall, thereby raising water tables in the valley bottoms and lower slopes. In turn, this allows the extraction of more pumped water, making agriculture more reliable, and possibly encouraging higher value crops or the introduction of a second season. Poorer people tend to draw disproportionately on the commons, and agriculturists – comparatively better off – have privately-owned farmland on the lower slopes. For both technical and equity reasons, the sequence of rehabilitation should begin in the upper slopes, but farmers generally exert pressures for the early construction of checkdams on minor watercourses for irrigation purposes. Poorer people need substantial support if they are to withstand this pressure. Similarly, they need alternative employment opportunities (generally provided by reconstruction) when the commons are ‘closed off’ for rehabilitation, and support in establishing strengthened joint management arrangements for the commons.

In most GoI programmes, funds are disbursed over a 4-year cycle. The first year is allocated to planning and other preparations, and subsequent years to the rehabilitation itself. A recent major review (Turton et al., 1998) has led to the lengthening of this to 5 years, by adding on a further preparatory year. This is in recognition of the difficulty faced by poorer people in ensuring that their needs are met in the rehabilitation plans: the extended preparatory period is allocated to ‘entry point’ activities – generally group-based savings, credit and other activities undertaken by the poor, supplemented by training in the skills necessary for leadership, accounting, conflict resolution and so on. In this way, the intention is to strengthen the capability of poorer groups to press forward their requirements in the potentially more contentious areas of watershed rehabilitation.

Funds for rehabilitation are highly decentralised: GoI funding allocations are made to district-level administrations, or to local government in States where the 1993 Constitutional Amendment strengthening *panchayati raj* has been ratified. People from within a microwatershed – generally of some 500–1500 ha and containing one or more villages – prepare a rehabilitation plan which is then subject to technical and financial approval. Contractors in many cases are required to employ local labour in the rehabilitation phase, and disbursements to contractors are ‘signed off’ by villagers, thus giving them substantial power to monitor that funds are spent as specified.

major study by Kerr et al. (1998)² found a number of shortcomings in a large sample of watershed rehabilitation projects. However, these were implemented mainly under guidelines pre-dating those of 1994. The study found evidence of much better performance among projects conducted in a participatory mode. The 1994 Guidelines are innovative in three respects: (i) in their devolution of decision-taking power to district and village levels; (ii) in the financial allocations made to local level organisations; and (iii) in their provisions for partnerships between government, NGOs and people’s organisations. Perhaps most significantly however, the Guidelines are seen by some as a means of bringing about ‘a tremendous change in the attitude of Government functionaries...[and so]...a quiet revolution in rural India’ (Eswaran Committee Report, November 1997: 21).

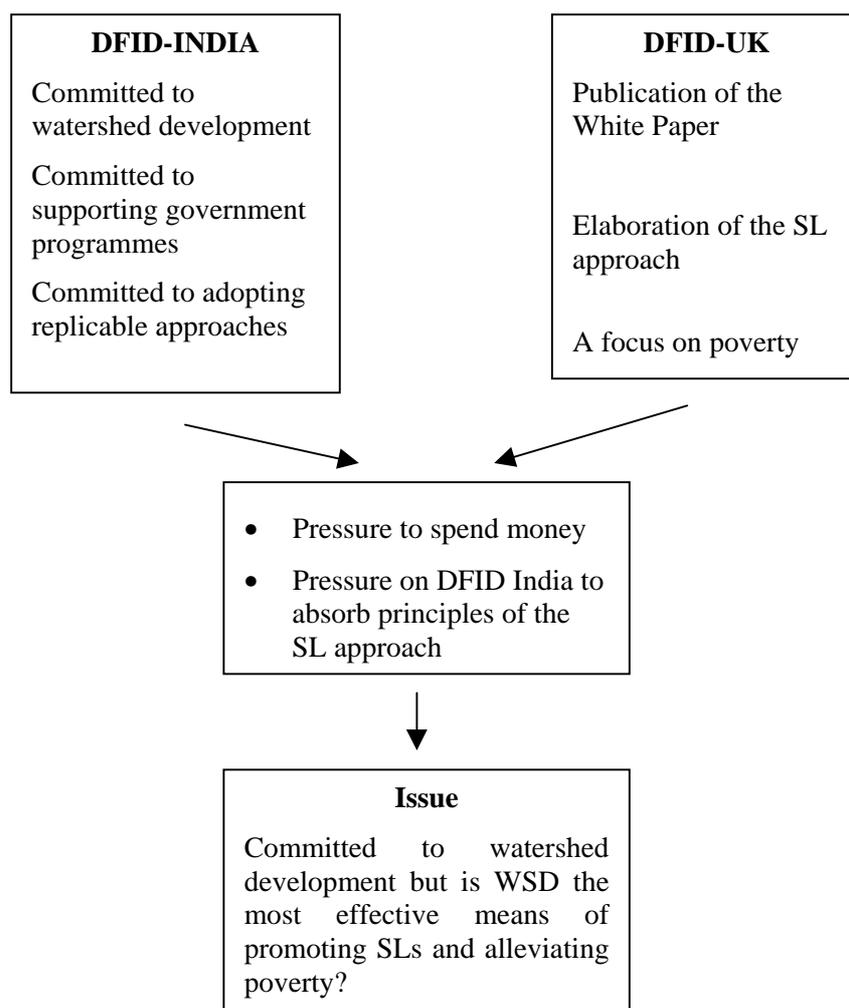
2 The main findings of the Kerr et al. study are summarised in Farrington et al. (1999).

A DFID-funded review of the impact of these guidelines (Turton et al., 1998) concluded that they offer the potential for wide scaling-up of participatory approaches to watershed development. They also concluded that this potential would be enhanced if donors worked closely with the Union and State governments in their implementation of the guidelines and avoided creating parallel delivery systems. However, Turton et al. also found a number of shortcomings in the implementation of the guidelines. These related particularly to the danger that the poor would be marginalised in the processes of planning the rehabilitation of the watersheds in which they live. Partly for this reason, a recommendation was made (and accepted by GoI) that an additional year of preparatory activities should be funded under the guidelines to allow strengthening of the capacity of poor groups to work together in identifying and pressing for their requirements when plans for their watersheds were being drawn up.

‘Donors should work closely with the government in their implementation of the guidelines and avoid creating parallel delivery systems’

At the same time as DFID-India were exploring the possibility of support to the MoRAE’s watershed programme, new thinking emerged from DFID central office in the form of the sustainable livelihoods approach (Carney (ed.) 1998). Early thinking on possible SL-focused projects in India was therefore faced with accommodating different priorities and approaches being promoted by DFID – India and DFID-UK (Figure 1).

Figure 1 Different processes within DFID – India and DFID-UK



Having already committed themselves to supporting the watershed programme, DFID-India found themselves facing important questions over the compatibility between a 'sustainable livelihoods approach' and watershed development.

3. Partnerships in Orissa

3.1 The project design process

3.1.1 Use of SL concepts

Substantial resources were invested in project preparation in Orissa. National and UK-based consultants were contracted to undertake 4 separate studies – social, institutional, technical and economic – to help to identify priorities for DFID support. These eventually formed annexes to the project document. To a large extent these studies were carried out independently of each other, although a series of formal and informal workshops were held at various stages. The consultants worked closely with State and district level government agencies.

The design process in Orissa ran parallel to the elaboration of the SL approach by DFID-London. The design process did not explicitly use SL tools such as the ‘framework’ (Carney (ed.) 1998) throughout, but some SL principles and concepts were incorporated into the process, chiefly at a workshop and a series of team meetings towards the end of the design process. Above all, SL perspectives provided a neutral ground for understanding the relationships between the different findings and ensuring that team members were talking a ‘common language’. It broadened their outlook – forcing design team members to think about what the findings of the different disciplinary studies told them about why the poor struggle to secure a livelihood in western Orissa. Applied towards the end of project preparation, the SL framework – particularly the capital assets component – proved to be of particular help in integrating the insights into the nature of poverty emerging from the four studies and drawing out the implication of these for potential project approaches and activities.

The design process incorporated livelihood concepts and principles as distinct from adopting a SL approach to design

3.1.2 Analysis of poverty, access to assets, and policy influences

The Government of Orissa selected the four project districts on the basis that they are among the poorest in India; reports of famines and starvation deaths feature regularly in the national media. However the dimensions of poverty and vulnerability in the districts are not immediately obvious. The project districts register a rainfall in excess of the State average. The average land holding size as well as the per capita food production and availability also exceed the averages for the State. The scheduled caste and scheduled tribe populations are close to the State average. The apparent paradox is rooted in a multiplicity of natural and man-made factors. These essentially involve a dynamic interaction between the nature of social relations in the area and how these structure power and entitlements to resources during crop failures caused by rainfall variations.

The *technical study* highlighted the lack of access and entitlement by the poor to natural capital and how this increases their vulnerability to drought (Box 3).

The *institutional study* further elaborated on issues relating to financial, social capital and human capital noting the:

Box 3 Natural capital and the poor in western Orissa

- There is skewed control over land and water: officially, 10% of people own 35% of land in the project area; however, through informal mortgaging this is likely to exceed 60%;
- The same 10% largely also control informal credit, transport, input and output markets and migratory labour contracts, all of which tend to be exploitative;
- Exploitative rental or sharecropping arrangements reduce the incentive for many small and marginal farmers to raise productivity levels;
- Rainfall is highly variable – 3–5 years of above average rainfall are often followed by similar periods of below average; distress sales of land, livestock and other assets are gradually reducing people's capacity to respond to variations in rainfall.

Source: Technical Design Team

- High rates of interest, chronic indebtedness and the bonding of both land and labour by moneylenders;
- Control by a powerful few over seasonal migration to urban areas, so that little remains once accommodation, travel costs, and advances (and related interest charges) have been deducted;
- The all-pervasive strength of the caste-reinforcing Jat Samaj, which adjudicates (often at the expense of lower castes and women) on disputes over land or domestic matters;
- A long history of dependency by people on relief interventions from government.

The integration of the findings of the four studies reveals that poverty in the area is not therefore rooted in the poor productivity of natural resources *per se*. Instead, its nature and structure are embedded in a complex web of historical, political and social relations, which enable a small, powerful minority to deprive the disempowered majority of their entitlements. Under such a scenario, a solution based on building up natural capital and increasing agricultural productivity might impact positively on the poor as labourers or as users of common pool resources, but would be likely to allow the better-off, as land-owning farmers, to capture most of the benefits.

How much impact would a watershed project – building up natural capital – have on the livelihoods of the poor?

The studies also revealed that although western Orissa has long been a priority area for GoI efforts, impact on poverty levels has so far proved elusive. There has been chronic difficulty in filling government posts, especially in the more remote areas, and a key constraint to the implementation of development projects has been restricted staff capacity in all the concerned government institutions. The institutional study highlighted the wide gap between what is allocated to the poor under government schemes and programmes and what is actually delivered. For instance, only 10 days of the promised 100 days of labour per adult allocated to the Districts under Employment Assurance Scheme are actually delivered, most of the funding for the remainder being appropriated by rent-seeking activities of various kinds.

3.1.3 Design challenges

Having concluded that:

- The roots of poverty are tied up in power relations and a lack of entitlement and access to natural capital, especially land and water resources by the poor; and
- That government capacity is very limited and poverty programmes in the districts had generally been unsuccessful.

The design process was faced with some uncomfortable questions regarding the initial presumptions that the project should take a watershed-based approach. Watershed development essentially constitutes an investment in land and water resources. Yet the studies showed that the majority of the poor have limited or no access to these resources in the project area, had little private land, limited access to the commons, and only uncertain access to NR-based employment opportunities. Would a watershed programme do anything but lead to increasing disparities within the districts? Critically, would watershed development have any impact on alleviating poverty in the context of western Orissa? Further, although DFID were committed to working within government structures, there are chronic difficulties in filling vacant government posts especially in the remote areas, given the perception that these are ‘punishment’ postings.

3.2 Responding to these issues – how the project looks

In recognition of the complexities of poverty and the problems faced by government in the four districts, the outputs of the project are quite different from those that might normally be associated with watershed development projects (Table 1).

Capacity building and institutional strengthening constitute the core of the project. Given the nature and structure of inequities in the project districts, the project emphasises ‘participation’ at all levels. Once a community has been selected, a ‘livelihood support team’ (LST) will be deployed to analyse the livelihood needs of the most vulnerable, initiate social organisation and capacity building and facilitate negotiation of resource rights for the poor. This team is an ‘add on’ to the normal government structure and will be funded directly by the project. Each team will comprise 3–4 members with experience in the field of: socio-economic and gender analysis; rights issues; conflict management; micro-finance and micro-enterprise development; land and water management with sensitivity to gender and equity implications of technical interventions; and training, negotiation and facilitation skills, leadership development, and mobilisation and empowerment skills including networking.

Livelihood support teams to analyse the needs of the most vulnerable

A particularly crucial role for the LSTs will be to facilitate confidence-building to enable groups to recover mortgaged assets, access government programmes, ensure fair return from labour contracts, reduce dependence on moneylenders and thus reduce indebtedness. Skills in consensus building will be critical given that these processes will fundamentally affect power structures within the villages. Warner (1998) stresses that jealousies, tensions, disputes and violence can undermine co-ordination and co-operation within rural communities and that conflict management skills have a particular role to play in protecting and enhancing social and human capital.

Table 1 Western Orissa Rural Livelihoods Project

GOAL	PURPOSE	OUTPUTS
More effective approaches to sustainable rural livelihoods adopted by government agencies and other stakeholders in the project districts and elsewhere	Sustainable livelihoods promoted in project area, particularly for the poorest by 2010	<p>Component 1: Promoting livelihood improvements</p> <ul style="list-style-type: none"> • Productivity of land and water developed in a sustainable and equitable manner, in 290 watersheds; • Livelihood initiatives for the poorest involving both natural resources and non land-based activities, identified and implemented in a participatory manner. <p>Component 2: Capacity building for primary and secondary stakeholders</p> <ul style="list-style-type: none"> • Enhanced capacity of inclusive watershed level organisations to plan, implement and manage resources and project/own initiatives; • Enhanced capacity of landless, marginal farmers and women, to identify needs, access project and other external resources, and negotiate improved local entitlements with better off interest groups; • Enhanced institutional capacity of Government organisations, PRIs and NGOs to work together on poverty focused programmes and initiatives. <p>Component 3: Encouraging an enabling environment</p> <ul style="list-style-type: none"> • Issues which impact on the poorest and ways of improving government policy to address such issues, identified; • Approaches developed in project replicated more widely; • Project management and support arrangements operational.

The project has given considerable thought to the sequencing of activities. The key lies in identifying an appropriate mix of ‘escape routes’ from poverty, drawing in elements of NR-based intensification; activities largely *non* land-based, and labour-based strategies. If this is to be achieved, people’s capital assets will have to be strengthened, and vulnerability reduced, in an appropriate sequence. Beginning with an analysis of the livelihoods of the poor, it aims to build up assets in uncontested domains initially (physical, social and financial) before embarking on activities more likely to be contested. A key premise is that in the preparatory phase of the project (two years), activities and initiatives will be phased so as to meet opportunities identified by the LSTs, but in ways unlikely to generate opposition from the better off. Investment in domestic water supply and sanitation is one such opportunity, and will be among the first to be undertaken. The promotion of backyard activities for the landless is another, which may help to break the cycle of indebtedness. Once the confidence of the poor has been enhanced and they have broken out of the debt cycle, a number of further NR-based activities can begin. The potentially more contentious area of designing and implementing watershed development will be undertaken only when the poor and landless have sufficient confidence, skills and basic livelihood security to defend their rights during lengthy negotiations.

Build up assets in uncontested domains initially before embarking on activities more likely to be contested

4. Partnerships in Andhra Pradesh

4.1 The project design process

DFID views Andhra Pradesh as an important partner in rural development. The Government of Andhra Pradesh (GoAP) and its Department for Rural Development (DRD) are strongly committed to poverty reduction. The GoAP's 'Vision 2020' sets an ambitious agenda for rapid overall development including a five-pronged approach to improving the living standards of rural communities:

- Agricultural development and reform
- Creating economic opportunities in rural industry and services
- Providing rural infrastructure
- Human resource development and capacity building; and
- Decentralising government and promoting self help groups

The process of project development in Andhra Pradesh proceeded in a very different way from Orissa. This was partly because the design process in Andhra Pradesh followed on from that in Orissa, and was able to build on and incorporate many of the lessons emerging from the earlier process. However it was also due to both the DRD's clear vision on what a partnership with DFID should be based around and its experience in implementing watershed development projects³. The design focused much more on identifying the type of support needed to strengthen its ongoing programmes and was largely driven by the DRD – in close consultation with NGOs. The process consisted of a series of stakeholder workshops, supplemented by limited external inputs according to the stated needs of the DRD.

Working with the government to improve rural development practices, approaches and policy: 'support to livelihoods within a watershed framework'

The SL approach and framework were not explicitly adopted by the DRD as an analytical or planning tool. The value of SL perspectives here lay largely in allowing DFID-India to clarify its own priorities and then screen the approaches adopted by potential partners to assess their consistency with DFID's priorities. In this respect, the approach adopted by GoAP proved particularly close to DFID's own. In the event, GoAP had already recognised that an approach based solely on natural resource or agriculture is not sufficient for broad-based rural development and in particular for meeting the needs of the poor. In this context, the adjustments suggested by SL perspectives to the approach already being taken by GoAP were fairly minor, and included: some reinforcement of preparatory work to strengthen poor groups prior to planning watershed rehabilitation, and closer attention to sequencing and to feeding back lessons from early experience in order to permit course-corrections. This is an important point. A SL approach does not necessarily imply adopting (or imposing) SL analysis – it can also mean looking for partners whose approaches are consistent with the principles embodied in the SL approach.

3. Watershed development has been a key plank of rural development efforts in the State and the DRD has considerable experience in implementing successful watershed projects. At the district level there is a strong project implementing capacity within local government. NGOs have also been involved in watershed development; many of the NGOs who have pioneered new approaches to watershed development operate in Andhra Pradesh.

4.2 How the project looks

The purpose of the project is to support the livelihoods of the poor through more effective and sustainable approaches to poverty alleviation through a watershed based development approach (Table 2).

Table 2 Andhra Pradesh Rural Livelihoods Project

GOAL	PURPOSE	OUTPUTS
Effective and sustainable approaches to eliminate poverty adopted in drought prone areas of Andhra Pradesh	GoAP are able to implement pro-poor watershed-based sustainable rural livelihoods approaches in five districts	<p><i>Component 1: Watershed-plus based sustainable rural livelihood initiatives</i></p> <ul style="list-style-type: none"> • Productivity of land and water developed in a sustainable and equitable manner in the watershed programme in 500 watersheds; • Higher return income and employment options (both land-based and non land-based) identified and pursued through increased access to Government and other initiatives/schemes by the poorest in the watershed programme in 500 watersheds. <p><i>Component 2: Capacity building for primary and secondary stakeholders</i></p> <ul style="list-style-type: none"> • Capacities of GOs/NGOs/PRIIs to support watershed based Sustainable Rural Livelihoods initiatives for poor women and men in 2500 watersheds in the five project districts realised and enhanced; • Community based capacity (including CBOs) for poverty focused and gender equitable approaches to the management of resources enhanced in 2500 watersheds in the five project districts. <p><i>Component 3: Exploration of innovative approaches to enhance overall impact of the watershed programme</i></p> <ul style="list-style-type: none"> • Testing of innovative approaches to enhance the overall impact, equitable sharing of benefits, and sustainability of the watershed plus approach. <p><i>Component 4: Lesson Learning/policy influence</i></p> <ul style="list-style-type: none"> • Approaches developed in the project, particularly on non land-based initiatives and other aspects of watershed plus, replicated widely; • The sectoral policy environment in AP strengthened to ensure greater (and sustainable) impact for women and the poorest and more effective working partnerships between Government and non-governmental organisations.

Four key project components were identified through stakeholder workshops:

- Scaling up – this component will enable an expansion in the number of microwatersheds that can be covered.
- Innovation – this responds to the keen interest of both the MoRAE and GoAP in experimenting with issues which might in turn inform revisions to the common guidelines. Issues to be explored include: the convergence of other government schemes and private sector services on project watersheds; cost recovery; innovative approaches to agricultural credit; post project

support; macrowatershed development; and different institutional arrangements, including involvement of Panchayati Raj Institutions.

- Capacity building – a current constraint is limited institutional capacity within and outside government to scale up the programme. This component seeks to build capacity in communities, in government, and in NGOs.
- Lesson learning and policy influence – strengthening the sectoral policy environment in Andhra Pradesh for more effective rural development was identified as a priority during project appraisal. The DRD will lead in ensuring that effective partnerships are maintained between government, NGOs and donors.

Linking improved micro-level understanding of poverty into policy and institutional change processes
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5. Comparison of the two projects

Although the design process varied between the two projects there are many important similarities.

5.1 The concept of ‘Watershed plus’

It had already been recognised that, although watershed development can contribute to enhanced livelihoods for a growing rural population, it is not a panacea (Turton and Farrington, 1998). Secondly, even a moderate degree of equity requires high levels of social organisation and ability among women and the poor to articulate their needs. These two concerns have led to the articulation of the concept of ‘watershed plus’ – which strives to empower the poor to enable them to participate in the institutional processes underpinning watershed development and increase their share in the distribution of benefits. Both projects place a strong emphasis on broadening the scope of watershed development activities to ensure that development responds to the needs and priorities of the poor.

There are questions however over the extent to which watershed development as a concept and approach was being manipulated to ‘fit’ the SL concept (Box 4). Serious questions remain as to whether watershed development has a substantial positive impact on the livelihoods of the poor: whether it is – as Figure 1 questions – an effective approach to promoting livelihoods and alleviating poverty. Will investment in land and water serve to increase disparities between the haves and have-nots? Is ‘watershed plus’ just a convenient way of catering to the needs of the poor rather than placing them as central actors in the development process? Some of these questions cannot be answered without further research. As a minimum, for instance, we need to know how the livelihoods of the poor have been influenced by any long-term improvements in the condition of common resources (grazing; forest), or in demand for labour within agriculture and related activities.

Box 4 SLs or watershed development?

‘I think that at present we need to step back and consider whether the western Orissa project should be a watershed project, which recognises the wider problems, or whether it is actually a SL project. It seems that a watershed project that has been stretched to try to meet the requirements of a SL project will probably be unsuccessful at either objective. If it is to be a watershed project, supporting the MoRAE Guidelines, then should we be clear what the guidelines are meant to do and go with that and not attempt to tack on lots of other activities’.

Source: Comments from the Orissa design team

5.2 A process approach

5.2.1 Institutional strengthening

Both projects recognise that there is little point in micro-planning *activities*. There is substantial flexibility for local communities to prioritise project interventions, and include viable non land-based activities. A lot of thought in the design of both projects went into understanding and identifying a number of trends and institutional changes that attempt to respond to the needs of the rural poor – a

Project design does not identify activities, but rather focuses on how to strengthen and foster institutional change

central pillar of the SL approach. These include the MoRAE Guidelines around which the projects are based, the increased recognition within government of the role of NGOs, the work of the National Bank for Agriculture and Rural Development (NABARD) to improve access to credit by the poor and the slow movement to implement Panchayati Raj reform. Both projects recognise the importance of strengthening the impact of these trends. Project preparation does not micro-design project activities, but rather identifies how to strengthen and foster institutional change.

5.2.2 Policy linkages

Both projects recognise that poverty alleviation is not only a matter of supporting local needs and priority initiatives through watershed development. The GoAP clearly views the livelihoods project not as an isolated project but as part of its long-term poverty action plan. It is interested in experimenting with innovative approaches that will inform policy change and reduce poverty; in a stronger capacity for effective programme management and delivery; and in promoting convergence with other rural development schemes. In Orissa, the project recognises the importance of working to develop an enabling policy environment. Without improvements in land tenure policy and implementation for example it is questionable whether investments in land and water resources will reach the poor. An important window of opportunity for the project to influence policy – given recent interest in joint forest management approaches – is the policy on non-timber forest products (Box 5).

Box 5 Policy change in Orissa

The most important arena for policy change for increasing livelihood security for the poor concerns the resource rights for the collection, storage, processing and marketing of non-timber forest products (NTFPs). The GoO needs to be persuaded to grant collection, processing and marketing rights to primary NTFP collectors and their organisations for all NTFPs except the three nationalised ones (Kendu leaf, Bamboo and Saal seed). This needs to be backed by a minimum support prices system to prevent exploitation by middlemen.

Source: Social Annex, Orissa project document

5.3 Differences in approach

Notwithstanding the above, there are also some important differences between the two projects in terms of their approach. Table 3 highlights how differences in the institutional context, experience and implementation capacity of the two States strongly influenced both the design process and how the project will be implemented.

Table 3 emphasises the outcomes of adopting a SL approach under different circumstances. In the case of Orissa the SL approach was used more explicitly to understand the livelihoods of the poor and develop a project that responds to the major constraints they face. It recognises that substantial funds will be needed to reach the poor and build implementation capacity. In Andhra Pradesh, however, it implies supporting partners whose approaches are consistent with the principles embodied in the SL approach. The major focus is on strengthening existing capacity and scaling up the programme.

Overall the central message is the importance of achieving a balance between on the one hand responding to poor peoples' livelihood needs and priorities and on the other supporting positive

directions of change and being realistic about the practicalities of developing effective and sustainable partnerships with national, State and district level government institutions. No organisation operates in an institutional vacuum – there are institutional histories and experiences, which have an important influence on assessing the likely success of potential intervention options. Donors need to be aware of these, and to take them into account in developing partnerships.

Table 3 Some differences between the two projects

	Orissa	Andhra Pradesh
Institutional context for development	<ul style="list-style-type: none"> Limited experience of implementing watershed projects District-level capacity weak (high level of vacancies) 	<ul style="list-style-type: none"> Well functioning strong state government Strong district capacity
Design	<ul style="list-style-type: none"> Multidisciplinary studies using local and external consultants Design process more explorative and open-ended 	<ul style="list-style-type: none"> Largely internal – the DRD in consultation with NGOs Clear ideas on project directions from the outset
How was the SL approach/framework used?	<ul style="list-style-type: none"> Framework was a useful tool towards end of design phase for synthesising, prioritising and sequencing Key elements of the SL approach – e.g. policy links, access to capital – are central to the project Long period of preparatory work with the poor prior to WSD 	<ul style="list-style-type: none"> Framework not used SL regarded as an outcome Principles of SL approach matched with the concept of watershed plus Incorporating livelihood perspectives into WSD increasing the stake of the poor
<i>Features of the project</i>		
Working with the poor	Undertaken by LSTs	By government staff, and taking advantage of a stronger NGO and SHG capacity
Capacity building	Important – but also includes strategies to recruit new staff where there are gaps	Central to the project – no new staff envisaged
Watershed activities plus	Substantial funds for ‘plus’ activities in recognition of alienation of the poor from the resource base	Less money because of the emphasis on convergence of programmes at the watershed level
Scaling up	Emphasis on gaining experience first	A key output
Policy influence	Key – emphasis on working to reform policies which undermine livelihoods and on effective implementation of key policies such as land tenure	Key – emphasis on lesson learning to inform policy change

6. Conclusion

6.1 Strengths and challenges of the SL approach

A summary of the strengths and challenges associated with the SL approach in Orissa is given in Box 6.

Box 6 Strengths and operational challenges for the SL approach in Orissa

Strengths:

- Framework useful for integrating perspectives and understanding complex interactions
- The capital assets component was useful in highlighting the importance of access and entitlements
- It highlighted the importance of *non* land-based activities for the poor
- It highlighted inter relationships within communities/watersheds and also potential conflict between different livelihood strategies
- It made external linkages beyond the project area, e.g: rural urban linkages
- It stressed the importance of relating entry points to the bigger picture – and asking who is addressing the other issues?
- It placed policy considerations up-front

Challenges:

There is a need to:

- Assess the implications of pro-poor approaches – to look for win-win options and accommodate trade-offs between different livelihood strategies
- Achieve a balance between: (i) macro and micro activities; (ii) short term immediate needs and long term interventions
- Prioritise carefully from an open-ended agenda of activities – matching opportunities with entry points
- Monitor carefully – quantifying change and assessing qualitative processes. For example, there are questions of how to monitor the impact on access to social capital among the poor
- Re-assess ways of working – with more emphasis on interdisciplinary team work. But how can appropriate incentive structures be designed?. What new skills are needed?
- Accommodate a process approach – it is difficult to match the SL approach to the requirements of the project document, budgets and logical frameworks

Overall, the biggest questions relate to the implications of the SL approach for development planning and project development rather than to any conceptual questions. Learning processes are central to the SL approach. Changes over time in the opportunities and constraints influencing the livelihood options of the poor need to be mapped out and course corrections incorporated. Iterative approaches to project design and implementation can only work if funding agencies (DFID-India) and implementing partners (Orissa and Andhra Pradesh governments) can cope with the demands of greater flexibility.

6.2 Implementation of the SL approach

6.2.1 How to move beyond an open-ended agenda of activities?

One member of the Orissa design team likened the SL approach to a ‘kind of grandiose PRA’ – which delivers an analysis of a situation and a list of potential interventions unrelated to institutional capacities (both national and donor) or the time or resources available under a project. This brings us back to the central question of this paper: should the starting point be existing capacity and potential ways of strengthening it? Or an open-ended process where a SL approach leads to a potential list of interventions – a wish list – and raises the expectations of many involved in the process?

What is clear is there are institutional histories and experiences, which have an important influence on assessing the likely success of potential intervention options (Box 7).

Box 7 Institutional histories

‘We admit that if we had a *tabula rasa* we might design a different project, but DFID has a history in India and this somewhat dictates what it is feasible for us to do (for example, if we had worked more with NABARD we might have designed a project that supports their efforts to support micro-credit activities). However, we have some evidence that the [watershed] guidelines can impact on poverty and we are using them as the entry point because of the MoRAE support (our comparative advantage). The project would also be less messy and easier to sell to the other stakeholders. The down-side is that DFID-India would need to justify why they haven’t gone the whole hog for a SL project, which starts from a premise of looking at the forms of capital available to the poor and then looks for the best and most cost-effective entry point’.

Source: Comments from the Orissa design team

6.2.2 Can donors (DFID) deliver on a SL approach?

The value of the SL approach in Orissa was the new insights it allowed during the early stages of project identification into the livelihoods of the poor and the nature of poverty – namely that poverty is related to institutions and social structures. This allowed a project initially conceived of as a watershed project to be broadened in line with the needs of the poor. Much of the success of the project will depend on policy-led changes in the institutions and processes that provide the current framework of social and economic activity.

However the question arises as to what donors can achieve in this area? There is little evidence – especially in the Indian context – that donors can influence those underlying causes of poverty rooted in power structures. However, in situations which are less intractable, a key role for donors is to influence policy in an evolutionary way. To do so they need to understand the norms, procedures and guidelines to which government adheres. These might then be adjusted in the project context, and government invited to monitor the impacts of these adjustments and, where appropriate, introduce the adjustments into their routine procedures and so ‘scale them up’.

6.2.3 Does increasing the productivity of natural resources impact on the poor?

The SL approach enabled a clearer idea of livelihood strategies adopted by the rural poor. In Orissa, findings revealed that for large numbers of the rural poor natural capital provides only a

Dependence of the poor on *non* land-based activities means rethinking the role of NR

minor part of their livelihoods, whether directly or indirectly. Migration is for many the most important source of income. This raises interesting questions of the role of land based development programmes in such a scenario. This presents some interesting challenges to donors on how to manage the interface between natural resources and other development options.

6.2.4 *How to accommodate trade-offs?*

Attempts to support and expand livelihood opportunities for the poor will inevitably impact on strategies of others within the village/watershed – for instance providing credit to womens’ groups reduces moneylenders’ income. Recognising that the strategies of different groups are intimately related to each other and finding ways to accommodate trade-offs are essential. This argues against approaches aimed exclusively at subgroups within communities – such as women or caste- or tribe-based groups – as their needs cannot be addressed in isolation.

6.2.5 *The SL approach – whose understanding?*

A critical question remains over how and how far the SL approach should be shared with partners. In the case of Andhra Pradesh, the DRD has its own clear agenda for rural development and it would therefore have been inappropriate to impose a new analytical approach. In the case of Orissa, few of the national consultants and perhaps none of our State and district partners were familiar with the concept of SL and the implications for project design and implementation. The increasingly sophisticated analysis of poverty, which the SL approach enabled was also beyond the reach of many at the synthesis workshop who were unfamiliar with the SL concept. This gave rise to the question – who ‘owns’ the understanding of poverty?

6.3 Final perspectives

The experiences of the two projects emphasised the importance of achieving a balance between, on the one hand understanding and addressing people’ needs and priorities and on the other, the practicalities of developing effective and sustainable partnerships with national, State and district level government institutions. Expectations had to be scaled down and rather than starting with a blank piece of paper the question was: ‘how to make an innovative rural development initiative (attracting significant government funding) ‘fit’ better with people’s livelihood strategies and make it better at responding to the constraints and opportunities affecting the rural poor’.

Be opportunistic and realistic and engage politics and politicians up-front

The experience of the 2 projects suggests that the SL approach does offer a new way forward. It builds on development best practice and – as the case of Orissa shows – it can provide a neutral framework for integrating perspectives from different disciplines and institutional standpoints and places the priorities of the poor up front. Challenges have also emerged. We need to be clear what difference the SL approach will actually make to the success of poverty-focused projects. There has been a tendency to attribute past failures to a lack of understanding – there is an assumption that, if everyone participates in the analysis and design of activities, solutions can be found. However significant obstacles will continue to undermine the performance of rural development programmes – in short a better understanding does not make the reality any easier to change.

Annex 1 Some features of the Western India Rainfed Farming Project

This project is located in three adjacent districts of three States - Gujarat, Madhya Pradesh and Rajasthan. These are undulating and semi-arid, with a predominance of rainfed farming. With initial funding of £4M (1993–98) and further support of £25M from 1999–2006, this project aims to reduce rural poverty through participatory approaches to rural development. The first phase was managed by a private organisation (KRIBHCO - Krishi Bharati Cooperative Ltd); the second is being managed by a formally registered Trust (Gramin Vikas Trust) incorporating representation from both KRIBHCO and the Indian Farm Forestry Development Cooperative Ltd.

The project is located in areas of endemic poverty, having high representation of Scheduled Tribes, and from which almost 50% of adults migrate for 2–6 months/yr in search of seasonal employment. Initial efforts focused on improving the maize and rice-based farming system, with especial focus on the provision of improved seed and other inputs, but also assessed options for improved soil and water conservation, with elements of a microwatershed approach. It also examined how group action for improved forest management, in the framework of joint forest management between village groups and government departments, could be improved.

The much-expanded second phase will be more explicitly consistent with the DFID Sustainable Livelihoods approach. A number of aspects of Phase I will be further strengthened, including farming systems development, participatory technology development, and institutional partnerships with government, NGOs and the private commercial sector. Community-based organisations for savings and credit, technology assessment and common pool resource management will be further strengthened through the system of *jankars* (local community organisers) established in Phase I, with formal registration and federation of some types of organisation. A balance will be sought between technical and social objectives, and between the achievement of targets and the strengthening of processes, such as local-level group formation and, at the project level, processes for learning and course correction. Natural resources development will continue as the cornerstone of the project, with a focus on ensuring food security and on areas of activity especially relevant to the poor, including common pool resource management. However, in Phase II the emphasis will increase on micro-enterprise activities which are not land-based, and on ways of supporting the types of seasonal migration currently undertaken by the poor. It remains to be seen how far lessons being generated by the project will be taken up by the respective State governments, and possibly incorporated into national programmes such as those supporting microwatershed rehabilitation.

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