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**REDUCING VULNERABILITY THROUGH LIVELIHOODS PROMOTION IN SHELTER
SECTOR ACTIVITIES: AN INITIAL EXAMINATION FOR POTENTIAL MITIGATION
AND POST-DISASTER APPLICATION**

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REDUCING VULNERABILITY THROUGH LIVELIHOODS PROMOTION IN SHELTER SECTOR ACTIVITIES: AN INITIAL EXAMINATION FOR POTENTIAL MITIGATION AND POST-DISASTER APPLICATION

By

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Abstract: Shelter improvements and provision can assume a leading role in promoting both household livelihoods and community recovery in disaster-affected areas. Livelihoods promotion in shelter sector activities can also serve as a primary means of reducing the vulnerability of communities to disasters.²

Global trends contributing to increasing vulnerability include rapid population growth, even greater rates of urban population growth, increasing poverty, environmental degradation, and an increase in the number of disasters. These trends are quite pronounced in developing countries. One means of reducing the cumulative impacts of these trends is improving the living environments of vulnerable populations, particularly in the cities of developing countries, where nearly half of humanity will be living in 2025.

Shelter activities typically consume the majority of developed land in most settlements. Shelter improvements and provision, both before and after disasters strike, can thus reduce vulnerability by improving living environments, generating direct and indirect employment, and expanding the role of shelter as an input to the production process. In this role, shelter facilitates home-based enterprises, which are a key form of income generation among the most vulnerable in developing countries. Promotion of shelter improvements and provision “at scale” can thus generate -- and re-generate -- local economies and livelihoods, thereby reducing the

¹ Affiliation is for identification purposes only. The views expressed in this paper are those of the author, and do not necessarily reflect the official views of the US Agency for International Development (USAID).

² For the purposes of this article, “disasters” includes both so-called “natural disasters” and humanitarian crises. The author is aware, however, of the differences in damage levels to housing and housing delivery systems (e.g., input markets such as brick factories, lumber mills/yards, etc.) typically associated with the short duration of natural disasters, relative to the more extensive and longer duration of damage often associated with conflict and other humanitarian crises. See, for example, Kreimer (1988).

vulnerability of settlements to future disasters, and enabling settlements to recover more rapidly when disasters do occur.

Introduction

There is now near-universal agreement on the positive impact of shelter provision and improvements on the living environments and lives of people, particularly the poor in developing countries (e.g., Hardoy and Satterthwaite, 1997). But what is the impact of shelter provision and improvements on local economies in developing countries, particularly with regard to livelihood promotion? More precisely, what is the impact of shelter provision and improvements in promoting livelihoods in disaster-affected economies? To what extent can any positive impacts be maximized as part of relief and reconstruction efforts? Moreover, can shelter provision and improvements actually serve as a vehicle for reducing vulnerability to natural and human-caused disasters?

This paper will focus on these and related questions through an examination of shelter sector economics, primarily the backward and forward linkages associated with shelter provision and improvement, and the important role of shelter in promoting livelihoods through home-based enterprises. For example, Reddy (2000) and Sorensen (2000), in examining urban resettlement programs in India and Eritrea, respectively, have demonstrated the value of shelter reconstruction as the first step in restoring the social fabric of affected groups. But how, in economic terms, was the social fabric restored? Cuny (1983) points to the importance of economic analysis in humanitarian activities in the following quote:

“A relief or reconstruction program is essentially an economic system superimposed on a community that has been affected by a disaster... Housing, reconstruction, agricultural recovery, the restoration of jobs, small businesses... are questions of economic revival. Programs that do not help restore the existing economic systems within a community are, in hard reality, a waste of time and effort.”³

In characteristically direct fashion, Cuny’s statement above reflects the contention that understanding local economies is critical to ensuring that relief and reconstruction activities make a meaningful contribution towards the recovery of communities. Indeed, according to Cuny, there is little point in implementing humanitarian programs that do not seek to restore local economies.

This paper will narrow the focus of Cuny’s contention by examining the leading role that shelter provision and improvements can assume in promoting both household livelihoods and community recovery in disaster-affected areas. In addition, the case will be made here for expanding Cuny’s focus to include livelihoods promotion in shelter sector activities as a means of reducing the vulnerability of communities to disasters. The initial section

³ Cuny (1983), pp. 97-98.

of this paper will examine selected global trends that will provide a context for an assessment of shelter issues in developing countries. These countries comprise the bulk of the USAID Office of Foreign Disaster Assistance (OFDA) operational environment. This section will be followed by an analysis of the symbiotic relationship of shelter production and employment generation, and the role of shelter in the production process. The paper will conclude with recommendations for strengthening the livelihood promotion-shelter provision relationship.

Global Trends Affecting Shelter

Rapid population growth, even higher rates of population increase in urban areas, the persistence of poverty, environmental degradation, and the increasing incidence of disasters are five key and interrelated trends that pose considerable challenges to those charged with providing humanitarian and development assistance. All have a direct impact on shelter. Some details follow:

- Global population, led by rapid increases in developing countries, recently surpassed six billion people, up from five billion in 1987. Moderate forecasts for 2025 suggest an increase to 8.3 billion people (UNCHS, 1996).
- Rapid urban population growth, particularly in developing countries, where nearly 95 percent of **total global** population growth will occur over the next 25 years.⁴ During this same period, there will be a net decrease in the number of people living in rural areas. Urban growth is now so rapid in developing countries that in 2006, for the first time in the history of humankind, more than half of humanity will live in an urban area.
- Widespread, and growing, poverty. In 1998, over 2.8 billion people -- 47 percent of the global population at the time -- survived on no more than two dollars per capita per day (World Bank, 2001).⁵ Millions more survived on only slightly more. Although the 1998 percentage

⁴ There is no universal definition of "urban"; the term is typically defined within its national context. However, "urban" places are often defined as settlements of 2,000 or more people, or national and provincial capitals (Population Reference Bureau, 2000). There are significant regional differences in urban growth, with African cities growing the fastest, and Asian cities experiencing the largest numerical growth in population. In addition, although large "mega-cities" of more than ten million people often dominate discussions of human settlements, "micropolitan" cities of 15,000-50,000 will experience the greatest rate of growth -- and will be the least prepared to manage that growth.

⁵ 1998 percentage of population in poverty based on World Bank figure of 2.8115 billion people, divided by 1998 global population estimate (based on 1990 and 2000 data presented in UNCHS, 1996).

represents a decline from the 1987 rate of nearly 51 percent, nearly 300 million more people were living in poverty in 1998 than in 1987. Moreover, poverty is increasingly acknowledged as a primary causal factor of vulnerability to natural disasters (Cuny, 1983; Berke, 1995), while others have identified poverty and rapid urban growth as key factors responsible for the increasing frequency and magnitude of natural disasters (e.g., El-Masri and Tipple, 1997).

- Environmental degradation on a global scale. Reports of global warming, desertification, habitat and biodiversity loss, and deforestation have become alarmingly commonplace.⁶ Urban areas in developing countries, in particular, are often severely degraded. In 1990, *at least* 600 million urban residents in developing countries, or 43 percent of the urban total in those countries, lived in “life-threatening or health-threatening homes and neighborhoods because of poor quality shelters, dangerous sites, and inadequate provision for safe water supplies, sanitation, drainage, or health care.”⁷ Rapid urban growth since 1990 has all but ensured an increase in the number and percentage of people living in degraded and hazardous environments. Improving conditions in the urban areas of developing countries should be a first-order priority simply because *nearly half of humanity will be living in those areas by 2025.*
- Increasing frequency and severity of conflicts and natural disasters. There have been numerous and long-standing conflicts throughout the world during the past two decades, with Sierra Leone, Indonesia, Colombia, Afghanistan, and the Balkans serving as notable recent examples. Although natural *events* have not increased in frequency in recent years, the number of natural *disasters* has increased significantly, largely due to increasing vulnerability of settlements to natural events (El-Masri and Tipple, 1997). Natural disasters caused three million deaths during the 70s and 80s, and adversely affected an additional 800 million people. During the 90s, roughly \$608 billion in direct economic losses were caused by natural disasters, more than the previous four decades combined.⁸ Generally speaking, economic losses have risen in developed countries, while human losses have increased in developing countries. Moreover, although aggregate economic losses are lower in developing countries, the impacts of those losses are relatively greater due to lower levels of economic activity compared to developed countries.

⁶ An example of the pace of deforestation was provided recently, when Brazil's National Institute for Space Research reported that logging activities claimed 7,659 square miles (19,837 square kilometers) of the Amazon rain forest during 2000. The deforested area was roughly equivalent to the size of Belgium (See *Boston Globe*, 16 May 2001, p. 10).

⁷ Hardoy and Satterthwaite (1997), p.265.

⁸ Abramovitz (2001), p. 123.

The trends noted above increase the vulnerability of millions of people to disasters as human settlements of all sizes expand. Current development practices and policies will only perpetuate these trends. This is particularly true in the cities of developing countries, where hazard-prone, environmentally sensitive land is settled, mainly by the poor.

A final example, illustrating the interrelated nature of the trends above, will conclude this section. In December, 1999, at the end of a decade marked by rapid growth and a number of devastating disasters, heavy rains in Caracas, Venezuela, caused a number of landslides, which claimed at least 30,000 lives and caused over \$3 billion in damage. Caracas residents are not unfamiliar with this type of disaster, however; there were 266 landslides during the 1980-89 period, which caused severe losses in areas where uncontrolled and haphazard settlement was located on steep slopes and in deep ravines.⁹ The majority of those affected were low-income residents who were unable to settle in less vulnerable areas of the city.

Shelter Sector Growth and Characteristics

The previous section provides the needed context for a closer look at shelter issues, primarily in the cities of developing countries. This section will begin with a brief overview of housing markets, followed by a discussion of the main market sectors. This section will be then be followed by a discussion of the various livelihood opportunities associated with shelter provision and improvement.

Shelter Sector Growth. Until recently, both international donors and governments in developing countries viewed housing in those countries as a consumption or welfare good, as opposed to an economic asset. As a non-economic asset, it was not considered important to monitor housing market activity and production by collecting and analyzing housing data. This explains, in part, the poor quality of data on the supply of housing, or housing stock, in many developing countries. Information on the size, number, and composition of households,¹⁰ however, is often collected as part

⁹ Hardoy et al (1992), pp. 55 and 91.

¹⁰ Not unlike other demographic data, the definition of "household" varies somewhat across countries. Generally, a household is a social unit of one or more people that occupies the same living quarters, often known as a housing unit or dwelling unit, and shares meals on a regular basis. The number of households per occupied dwelling unit, particularly in developing countries, is often in the 1.05-1.10 range, meaning that, on average, 105-110 households occupy 100 dwelling units. Housing stock vacancy rates rarely exceed five percent in most countries, and are even lower in most urban areas. Vacancies, when combined with reductions in stock resulting from accidents (e.g., fires), removal of old structures, and policy decisions (e.g., road expansions requiring demolition of stock), can account for 5-10 percent of total

of census or other data-gathering efforts, and is typically considered more reliable than housing stock data. Due to the relative availability and reliability of household data, then, it is often used as a proxy measure of housing supply, on the assumption that the number of multiple households is balanced by vacancies and stock reductions.

Available data suggest that the 2000 global housing supply of roughly 1.56 billion dwelling units will increase by approximately 864.4 million units, or about 56 percent, between 2000 and 2025. In contrast, population growth during the same period will increase nearly 35 percent, with smaller average household size and higher household formation rates helping to explain the discrepancy between population and household/housing growth rates. Approximately 749.2 million units, or almost 87% of the total increase, will be constructed in developing countries.¹¹ Roughly 725.0 million units, or about 84 percent of the global increase during the 2000-2025 period, will be constructed in the cities of developing countries.

The Informal-Formal Sector Dichotomy. The “life-threatening and health-threatening” living environments mentioned earlier typically refer to the kind of housing that was occupied by more than 600 million people in 1990. This housing represents that portion of housing supply known as the informal sector. Although definitions vary widely, this sector is typically unauthorized by official government sanction, in that housing construction contravenes land ownership laws, building codes, or planning codes, is not typically purchased with bank or other authorized forms of credit, is often not purchased at all, and often has limited access to basic services such as water and electricity. In contrast to this definition is the formal sector of the housing market, which is more characteristic of housing found in developed economies. Although not exclusively the sector of the poor, most informal sector housing is occupied by lower-income groups in most countries, with the formal sector oriented largely to middle- and high-income households.

Informal sector housing typically represents 30-60 percent of housing in the cities of developing countries. In some cities (e.g., Nairobi, Ibadan, and Dhaka), the level is 75 percent or more.¹² A 1993 UNCHS-World Bank study of housing in 52 cities found a dramatic decline in unauthorized housing as income levels increased.¹³ This study finding provides additional support to

stock, thereby offsetting the effect of multiple households in efforts to approximate housing stock size.

¹¹ UNCHS (1996), Tables 1 and 5. 2000 data extrapolated from data in Tables.

¹² UNCHS-ILO (1996), p. 199.

¹³ UNCHS-World Bank (1993). Percentage of stock that was unauthorized:

- 64 percent in low-income cities (e.g., Dhaka, Delhi, Nairobi, Karachi, Accra)
- 36 percent in low-mid income cities (e.g., Jakarta, Cairo, Manila, Quito)
- 20 percent in middle income cities (e.g., Bangkok, Istanbul, Kuala Lumpur)
- 3 percent in mid-high income cities (e.g., Caracas, Seoul, Singapore)
- 0 percent in high-income cities (e.g., London, Washington DC, Oslo, Tokyo, Paris)

the claim that poverty, informality, and degraded and vulnerable living environments are highly associated. The level of informal housing appears particularly high in Africa, with other research indicating informal housing rates of 84 percent in Cairo, and 85 percent in Addis Ababa (Sivam, et al., 2001, p. 101).

The globalization of economies, and the particularities of local conditions, are making informal and formal housing markets increasingly similar,¹⁴ thereby undermining the informal-formal sector dichotomy. However, the dichotomy persists, and continues to provide a means of understanding the complex character of housing markets. The next section will focus on a related aspect of informality, that of employment. Not unlike shelter, the level of informal sector employment in developing countries is also significant.

Informal Sector Labor Force and GDP Contribution

Informal sector enterprises, in a manner similar to informal shelter, operate outside officially authorized rules, regulations, policies, and credit lines. These businesses provide a livelihood to 35-60 percent of labor forces in developing countries, and account for 20-40 percent of GDP.¹⁵ In many cities of the developing world, informal sector employment makes up as much as 70 per cent of total employment and rarely less than 40 per cent.¹⁶ This form of employment varies widely, particularly in urban areas, and includes:

- Transport, such a trishaw/rickshaw and jitney services
- Urban agriculture and other primary activities, such as quarrying (including stone cracking and sand winning used in construction)
- Petty commodity production and service activities, including small-scale manufacturing and repair services
- Retail enterprises, including small shops and street hawking/vending, and
- Small-scale construction enterprises, in particular the construction of shelter and related activities.¹⁷

Because it is easier to enter the informal sector compared to the formal sector, informal employment forms the backbone of low-income communities, particularly for specific groups, including the young, the elderly, the less well educated, and secondary earners in families, which in most developing countries means women. Women, in particular, find

¹⁴ For example, see Pamuk (1997)

¹⁵ Chickering and Saladine (1991), p. 3.

¹⁶ Choguill (1994), p. 941.

¹⁷ Yankson (2000), p. 318.

employment in a wide range of construction-related activities, from stone cracking, to road repair and construction, to roofing activities.

A significant portion of informal sector housing, and a small percentage of formal sector housing, in developing countries is built through the self-help or self-building efforts of eventual occupants. More accurately, eventual occupants typically assume the role of general contractor, with some or most of the actual construction work undertaken by one or more (informal sector) sub-contractors.¹⁸ However, a far greater percentage of shelter provision and improvement is typically conducted by small-mid-sized informal sector construction firms, which keep costs low by substituting labor for capital equipment. The potential livelihood opportunities inherent in shelter provision and improvement activities will be the focus of the remainder of this paper.

Livelihood Generation in Shelter Provision and Improvement

The construction industry makes a significant contribution to the socio-economic development process in most countries. In developing countries, construction activities often account for about 80 percent of total capital assets, and yields continuous benefits over a long period. Shelter activities, in particular, are significant, though a large percentage of this activity is undercounted because they occur in illegal or informal settlements. There are also numerous indirect benefits associated with the multiplier effects that construction sector stimulates in other sectors of the economy, and the significant contribution of this activity to income generation, spending, and re-spending in local economies. This section will discuss the various employment-related effects of shelter sector activities in developing countries, and demonstrate the powerful role that these activities can assume in reducing vulnerability, improving living environments, and reducing poverty through appropriate investments in shelter provision and improvements.

Direct Effects. The construction sector in any economy is as effective as manufacturing or any other sector in generating employment.¹⁹ Unlike most manufacturing activities, which tend to be capital-intensive, construction is particularly good in absorbing unskilled and semi-skilled workers. Shelter provision and improvement activities are even more effective in this regard when compared to other construction work, primarily because shelter activities tend to be relatively simple, and do not require heavy equipment or

¹⁸ In contrast, a recent study of housing in the United States indicates that rates of self-building ranged between 11 and 22 percent during the 1971-1999 period (McIntyre, 2001). Rates increased when economic activities were in decline, suggesting that self-built/managed shelter construction might be a coping strategy for those in need of shelter.

¹⁹ This section draws heavily from Tipple (1999).

engineered components.²⁰ More importantly, particularly in light of both high levels of poverty and the significant global shelter needs noted earlier, lower-cost shelter is more effective in generating livelihoods than higher-cost housing.

Shelter provision and improvement activities are not only effective in channeling income to poorer households; they are also effective in increasing benefits to local economies. This is particularly true when houses are small in size and modest in cost, primarily because they are typically constructed, in all or part, by small-scale, informal sector firms. These firms tend to use local materials and hire local workers, which tends to retain and circulate income in local economies. In this regard, shelter-related construction earnings often have a multiplier effect of more than 2.0, i.e., for every unit of income earned in construction work, at least another unit of income is generated in the local economy through spending of various kinds.

Backward Linkages. Shelter provision and improvement activities not only generate livelihoods in construction, but also require inputs from other sectors of the economy, which in turn generate livelihoods. These input activities are often referred to as backward linkages to construction, and often include production of construction materials, materials transport, and related services like local manufacture of construction tools. Investments in backward linkages may be commensurate with direct construction investments. Tipple (1999) claims that the multipliers from backward linkages are particularly high for lower-cost housing, and for housing constructed in depressed economies. *It appears reasonable to assume that Tipple's reference to "depressed economies" might include post-disaster economies, which are, by definition, weakened, and thus depressed.*

In developed economies, an approximate rule of thumb regarding employment multipliers associated with backward linkages states that for every job created in the construction industry, an additional job will materialize in the building-materials, trade, transport or services sectors (UNCHS-ILO, 1996), for a multiplier of 2.0. However, Moavenzadeh (1987) and others have claimed that backward linkages are greater in the human settlements sector than in most other sectors even though the data collected from official sources do not include the informal sector, which is especially strong in construction. Underscoring this claim is a more recent study by the UNCHS-ILO (1996), which reported that in developing countries, roughly two additional jobs were generated in response to each job generated by investment in shelter provision and improvement, thereby resulting in an overall multiplier of roughly 3.0. This would support Tipple's claim above that backward linkages are particularly high for lower-cost housing. *It may be the case, then, that multipliers are even higher for shelter provision and*

²⁰ This is not the case when pre-fabricated technologies are introduced. These technologies are relatively expensive, capital-intensive, require low levels of semi- and un-skilled labor, and typically require imported materials, thereby undermining livelihood generation rates associated with shelter provision and improvement.

improvement activities in disaster-affected economies, thereby supporting the claim that investments in these activities can generate a greater number of livelihood opportunities relative to other sectors.

In the same vein as the Tipple (1999) reference to “depressed” economies noted above, Woodfield (1989) argued that the shelter sector could be a leading generator of livelihoods if the sector were stimulated during a period of economic “stagnation,” primarily because of the multiplier effects of the backward linkages. Again, maximizing livelihood opportunities and associated backward linkages as part of shelter provision and improvement activities would entail a preference for using local materials and labor, rather than importing building materials, specialized labor, and capital-intensive equipment.

Forward Linkages. Significant levels of livelihood activity are generated in the process of transforming a shelter into a home. Households at all income levels desire to create comfortable living environments, however modest they might be, that are reflective of their tastes, culture, and identity. Therefore, shelter provision and improvement activities also generate livelihood opportunities in, for example, textile goods, furniture, and household fixtures and decorations to meet the demands of the shelter-to-home transformation process. In addition, a wide range of repair, cleaning, security, and domestic services are established to maintain and upgrade homes. Most of these services are provided by the informal sector in developing countries, thereby generating additional livelihood opportunities for semi- and un-skilled workers. Thus, not unlike the backward linkages associated with low-cost, low-technology shelter provision and improvement activities, the multiplier associated with forward linkages is also thought to be greater than in developed economies, and greater in depressed, stagnant, or disaster-affected economies. This multiplier could approach 2.0, i.e., for every livelihood opportunity directly engaged in shelter provision and improvement activities, there may well be an additional livelihood opportunity generated by both the shelter-to-home transformation and shelter-as-home maintenance processes.

Another Forward Linkage: Shelter as a Production Platform. Shelter throughout the world, and particularly in the lower-income communities of developing countries, is not just a home. It can also be a shop, a market place and showroom, a factory, an entertainment center, a meeting place, a financial institution, a granary, a barn, or a warehouse. It is not uncommon for households to devote space within homes for more than one of these activities at the same time. Shelter, then, is not just a consumption good that people use to live and raise families, or a public good to be provided by governments to improve societal welfare, but a valued input to the production process.

Although home-based productive activities may not be needed or desired by all, due to personal tastes, concerns about privacy, or concerns about hazardous materials or equipment (Kellet and Tipple, 2000), up to 25 percent

of all households in the cities of developing countries may use their home for some economic activity (UNCHS-ILO, 1996). Although information about home-based enterprises (HBEs) is limited, personal experience of the author, and the four case studies that follow, suggest that: 1) A much higher percentage of households in the cities of developing countries engage in HBE activities; and 2) HBEs are important -- if not critical -- sources of livelihood opportunities and income, particularly among the lowest-income households. The studies are:

Lima, Peru. A study of HBE activity in the city (Strassmann, 1986) is typical of the case study findings: 68 percent of survey respondents needed HBEs in order to be able to afford the shelter they were living and working in, and 70 percent of the HBEs could not exist without resorting to some portion of the shelter.

San Salvador, El Salvador. Farbman (1981) estimated that 85 per cent of the households in the city's poor neighborhoods contained productive activities, and that these home-based activities provided 50 per cent or more of a household's income. The range of HBEs was diverse, and included carpentry and furniture making, the preparation and sale of food, refuse recycling, and tailoring and clothes washing.

Port au Prince, Haiti. Fass (1977), in a study of informal neighborhoods in the city, found that the use of homes for making, storing, and/or selling goods was so universal that houses were viewed as inputs to productive activities.

Delhi, India. Kellet and Tipple (2000), in their study of the Jahangir Puri squatter settlement, found that those households surveyed derived 75 percent of their income from HBEs, and that 60 percent of surveyed households had no other source of income. Even a bed, used primarily for domestic purposes, served multiple functions. Depending on the time of day and level of productive activity, the bed also served as a factory workbench, a retail display case, and an office desk.²¹

The case studies support the claim of a strong link existing between shelter and livelihoods, primarily in the informal sector, and primarily among low-income households. This shelter-livelihoods link is both close and symbiotic, in that shelter enables productive, home-based livelihood activities, and the latter can generate income to improve shelter. This link is so strong that shelter should be viewed as a production input or asset. Therefore, while shelter is inherently important as a means of supporting domestic activities, it is also true that shelter can -- *and does* -- assume a critical role in promoting livelihood opportunities.

Summary. This section has demonstrated that livelihood opportunities abound in shelter provision and improvement activities, perhaps more than

²¹ Kellett and Tipple (2000), p. 210.

any other sector of the economy. It appears that one livelihood opportunity that is directly involved in shelter provision and improvement also generates at least two, if not more, livelihood opportunities in backward linkage activities. Not including the livelihood generation associated with home-based enterprises, one livelihood opportunity in shelter provision and improvement also generates an additional livelihood opportunity in forward linkage opportunities. Although most HBEs enterprises employ fewer than five people, a strong argument can be mounted in support of the claim that at least some of those people would not be employed were it not for the presence of the HBEs. Assuming that only two HBE positions can be attributed to shelter provision and improvement activities, the cumulative multiplier of those activities may be 6.0 or greater.²² Moreover, it may be possible to increase the multiplier further through emphasis on low-cost materials and building technologies, and use of local, informal sector workers. Finally, although additional research is needed to verify the claim, the multiplier might be increased further in depressed, stagnant, and -- possibly -- disaster-affected economies.

Conclusion as Beginning: Initial Recommendations for Strengthening the Link Between Livelihood Promotion and Shelter Provision

This paper has sought to promote the following views:

- Revitalizing Household and Local Economies Through Relief. First, because of the significant multiplier effects associated with investments in shelter provision and improvement in developing countries, such investments can promote the rapid recovery of affected households and communities in post-disaster settings.
- Revitalizing Household and Local Economies Through Vulnerability Reduction. Perhaps more importantly, given the significant population, urban population, and poverty growth in developing countries over the next several years, investments in shelter provision and improvements can also serve as a powerful vulnerability reduction mechanism by improving living environments, while also making them safer, more productive environments.

In demonstrating the leading role of shelter provision and improvements in *generating* livelihoods, both directly and indirectly, in developing economies, the assumption has been made that promoting shelter provision and improvements can also *re-generate* livelihoods, both directly and indirectly, in disaster-affected economies. No literature of direct relevance to support this assumption was found in the course of preparing this paper, but close examination of related literature suggests strongly that the assumption has a

²² Calculated as follows: one direct livelihood opportunity in shelter provision and improvement; two opportunities associated with backward linkage activities; one in non-HBE forward linkage activities; and two in HBE activities.

sound foundation. Field studies in disaster-affected economies will be required to determine whether this assertion is valid.

Keivani and Werna (2001) note that the “need for *scaling up housing* production in developing countries through all possible means is now accepted and acknowledged by all policy makers and commentators” in the field of human settlements planning.²³ This has been due largely to the inadequacy of project-based approaches such as sites and services and settlement upgrading programs for low-income housing provision in these countries. It is estimated that in the 10-year period of 1972-81, for example, the combined output of such project-based programs was only 10 percent of the actual requirement in developing countries.²⁴ The need to scale up is particularly urgent in light of the estimates made earlier that roughly 864 million housing units will need to be built throughout the world during the 2000-2025 period to shelter the anticipated increase in global population. Moreover, the need for shelter production will not be evenly distributed: About 84 percent of this total, or roughly 724 million units, will need to be built in the rapid growing cities of developing countries.

In light of the above, what better time than now to promote livelihood opportunities in shelter provision and improvements, particularly in the low-income and often highly vulnerable neighborhoods of cities in developing countries? This effort will require new and different alliances simply because the task is so substantial and complex. Buchanan-Smith and Maxwell (1994) provide a first step in how this can be achieved by noting that:

“[I]t is now widely accepted that the compartmentalization between relief and development is artificial as far as poor people themselves are concerned. The poor live constantly with the risk of crisis and plan their livelihood strategies accordingly.”²⁵

Simply stated, the poor, who are either viewed as “at-risk” or “vulnerable” in a development or humanitarian context, do not make a distinction between the two contexts. In the effort to merge the two, the authors advocate several measures, including “better development,” defined as reducing the frequency, intensity and impact of shocks, which will in turn reduce the need for emergency relief. “Reducing the impact of shocks means making individual, households, and economies both less sensitive to shocks and more resilient, in the sense that they will be less affected by shocks when they do occur and also better able to recover after a shock”.²⁶ In light of the significant shelter needs noted above -- and the important livelihood generation potential inherent in shelter provision and improvement that was

²³ Keivani and Werna (2001), p. 191. Emphasis provided by author.

²⁴ Ibid.

²⁵ Buchanan-Smith and Maxwell (1994), p. 3.

²⁶ Ibid., p. 4.

demonstrated earlier -- reducing shocks, and promoting resilience through vulnerability reduction, could quite possibly be best achieved through a livelihood-based shelter strategy.

One change required to promote such a strategy will be the development of political and professional tolerance, if not acceptance, of the view that shelter provision and improvement can be an economically productive activity, capable of serving as a catalyst for livelihood opportunities and income. However, there has been limited relevant research generated in a development context on the livelihood opportunities embedded in the housing sector, and the attendant benefits that might accrue to households and communities. Again, it does not appear that such research has been conducted within the context of disaster-affected economies. Furthermore, related research also seems to indicate that there is considerable potential to increase the positive economic effects of shelter provision and improvement by using locally-produced raw materials, local labor, and simple building technologies. Additional research will be required to determine whether this claim is applicable in disaster-affected economies.

Finally, current shelter needs are significant, and will continue to be in the coming years, given rapid global population growth, and the near-exclusive concentration of that growth in the cities of developing countries. Moreover, current trends suggest an increase in the incidence of poverty on a wide scale, and growing vulnerability of people to natural disasters. This is particularly true of the poor in the cities of developing countries, who are increasingly relegated to marginal, environmentally sensitive, "at risk" lands.

It is clear that shelter provision and improvement activities generate significant livelihood opportunities. It is also clear that the time has come to promote these activities "at scale," to address multiple objectives, with vulnerability and poverty reduction among the most important of those objectives. However, such activities cannot be guided by the current plans, policies, regulations, and practices of governments, for these measures are only applicable, at best, to formal sector activities. For an increasing number of people, particularly the poor in developing countries, who are often considered to living illegally, these measures, and the application of them, are largely non-issues.²⁷ It is thus imperative to support research on how best to expand participation in, and management of, a scaling up process aimed at both reducing poverty and vulnerability to disasters, and revitalizing communities when disaster do occur.

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²⁷ Sanderson (2000), p. 102.

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