The Asset Vulnerability Framework: Reassessing Urban Poverty Reduction Strategies

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Summary. — Identifying what the poor have, rather than what they do not have, focuses on their assets. This paper contributes to the extensive vulnerability/assets literature, by categorizing the assets of the urban poor in terms of an "asset vulnerability framework." These include both tangible assets, such as labor and human capital, less familiar productive assets, such as housing, as well as intangible assets, such as household relations and social capital. Results from a recent urban study show that the poor are managers of complex asset portfolios, and illustrate how asset management affects household poverty and vulnerability. Translated into operational practice this framework facilitates interventions promoting opportunities, as well as removing obstacles, to ensure the urban poor use their assets productively. © 1998 Elsevier Science Ltd. All rights reserved

Key words — assets, vulnerability, household relations, social capital, labor, housing

1. INTRODUCTION

After more than a decade of debt and recession, and of economic stabilization and structural adjustment policies, in both developing and transitional economies, structural poverty reduction has re-emerged as a central development priority. Not only has this revived focus on poverty renewed conceptual and methodological debates about meanings and measurements of poverty, it has also challenged policy makers to reassess the viability of current interventions for poverty reduction.

This paper is intended to contribute to the debate about more sustainable local level poverty reduction strategies that strengthen people's own inventive solutions, rather than substitute for, block or undermine them. Based on the empirical results of a recently completed urban research study, it seeks to identify what the poor have rather than what they do not have, and in so doing focuses on their assets. Drawing on the extensive work of Sen (1981), Swift (1989), Maxwell and Smith (1992), Davies (1993), Devereux (1993), and Putnam (1993), this paper categorizes the assets of poor urban individuals — women, men and children — households, and communities in terms of a fivefold "asset vulnerability framework." These include well-known tangible assets such as labor and human capital, less familiar productive assets such as housing, and largely invisible intangible assets such as household relations and social capital.

This provides the opportunity to explore empirically the contribution of an urban study of longitudinal responses to macroeconomic crisis, rather than studies of short-term responses to natural/human-made disasters, to current asset/vulnerability debates, and their associated poverty reduction strategies. Research results show that the poor themselves are managers of complex asset portfolios. In highlighting both obstacles and opportunities in asset accumulation, the paper illustrates how asset management affects household vulnerability. Translated into operational terms, this framework contributes to the development of more appropriate analytical tools to facilitate those interventions which promote opportunities, as well as removing key obstacles. This is intended to assist the urban poor in using their full portfolio of assets as productively as possible, complementing current

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poverty reduction policies that focus particularly on human capital and labor (World Bank, 1990).

2. BACKGROUND

Renewed interest in poverty reduction within the development community was signaled by the World Bank's 1990 World Development Report on Poverty (WDR) (World Bank, 1990). Following this lead, a similar resurgence of interest in poverty reduction by major multinational and bilateral aid agencies means that most agencies have now made poverty reduction as their primary objective (UNDP, 1993; Camdessus, 1990; ODA, 1995).

Since 1990, not only has the number of poor grown, but also the conceptual debate about differences in both the meaning and the measurement of poverty. At its most simplistic, the so-called “new poverty agenda” (Lipton and Maxwell, 1992) has been usefully summarized in terms of two “polarized” alternative approaches to poverty (Baulch, 1996a). First is the “conventional,” “objective,” approach that identifies income/consumption as the best proxy for poverty (Ravallion, 1992). This is usually measured through large-scale, random sample household surveys, with a preference for consumption expenditure to income as more stable over time (Lipton and Ravallion, 1995). Second is the “subjective,” “participatory” approach that rejects the income/consumption approach as a narrow reductionist view, serving the technocratic needs of development professionals, while failing to understand the complex, diverse, local realities in which the poor live (Chambers, 1992, 1995). The “participatory” approach uses multiple, subjective indicators of poverty status that emerge out of the experience of the poor, collected through participatory techniques that include focus group discussions, visualization exercises and transect walks.

Turning to policy, the 1990 Poverty WDR (World Bank, 1990) outlined a generalized poverty reduction strategy based on three internally consistent components: first, economic growth, intensively using the poor’s labor as their most important asset; second, investments in basic health and education (human capital) to enable the poor to use their labor productively; and third, the provision of social safety nets to protect vulnerable groups and the very poor. The basic principles of this three-fold strategy have been endorsed by most development agencies, and widely adopted for the development of poverty reduction solutions.

In the World Bank, for instance, they provide the prototype framework for all of the country level poverty assessments that are undertaken as the basis for government/civil society dialogue on poverty reduction, and the subsequent integration of poverty reduction into country assistance strategies. While practitioners promoting more “participatory” approaches have frequently provided menus and checklists of “practical implications” (Chambers, 1989, 1995, p. 37), they have tended to stop short of developing generalized operational frameworks for participatory local-level poverty reduction interventions.

3. VULNERABILITY AND ASSETS: CONCEPTUAL DEBATES

Behind this simplified “dualism” of poverty measurements, meanings and reduction strategies is a far more complex picture. A recent review of the range of poverty concepts, for instance, schematized a six-level pyramid, with private consumption at the pyramid's top and private consumption, common property resources, state provided commodities, assets, dignity and autonomy at the pyramid’s bottom (Baulch, 1996b). At the same time recent conceptual debates and policy recommendations such as those deriving from rural famine/food-security research (including emergencies/shocks from drought/war), have fundamentally changed the “landscape” by introducing such concepts as vulnerabilities and capabilities with policies focusing on assets and entitlements.

In the decade since Sen first wrote his path breaking work on famines and entitlements (Sen, 1981), ideas about the causes and impacts of livelihood shocks have proliferated, resulting in a considerable, often “bewildering,” confusion of competing intellectual frameworks and alternative paradigms using similar words in different ways (Longhurst, 1994, p. 17). From this rich area of developing concern, a number of conceptual issues are operationally relevant to a recently completed urban study of household responses to economic “crisis.”

This urban study was undertaken in four poor communities in cities whose countries were experiencing economic difficulties during the 1980s — in Lusaka, Zambia; Guayaquil, Ecuador; Metro Manila, the Philippines; and Budapest, Hungary. Empirical results highlighted the limitations of analyzing the data only in terms of consumption/income poverty measurements. The framework for examining household responses to deteriorating macroeconomic circumstances and labor market conditions — “how the impact has been felt on the ground” (World Bank, 1995) — identifies the following four issues as of particular importance:
(a) Differentiating between poverty and vulnerability

Capturing the multidimensional aspects of changing socioeconomic well-being in poor communities requires identification of both levels of poverty and types of vulnerability. The concept of vulnerability, although often used as a synonym for poverty, is not the same. Because poverty measures are generally fixed in time, poverty is essentially a static concept. By contrast, vulnerability is more dynamic and better captures change processes as “people move in and out of poverty” (Lipton and Maxwell, 1992, p. 10). Although poor people are usually among the most vulnerable, not all vulnerable people are poor, a distinction which facilitates differentiation among lower-income populations.

In such fields as disaster management, epidemiology and food security, vulnerability has been specifically defined. Over the years, however, its meaning has expanded considerably to include a range of elements and situations of “livelihood security,” including exposure to risks, hazards, shocks and stress, difficulty in coping with contingencies, and linked to net assets (Longhurst, 1994, p. 18). Any definition requires the identification of two dimensions of vulnerability: its sensitivity (the magnitude of a system’s response to an external event), and its resilience (the ease and rapidity of a system’s recovery from stress) (Blaikie and Brookfield, 1987; Bayliss-Smith, 1991). The urban study defines vulnerability as insecurity and sensitivity in the well-being of individuals, households and communities in the face of a changing environment, and implicit in this, their responsiveness and resilience to risks that they face during such negative changes. Environmental changes that threaten welfare can be ecological, economic, social and political, and they can take the form of sudden shocks, long-term trends, or seasonal cycles. With these changes often come increasing risk and uncertainty and declining self-respect.5

(b) Distinguishing between vulnerability and capacities

A second issue of operational relevance concerns the important distinction between vulnerability and capacity/capability. In arguing that “development is a process through which people’s physical/material, social/organizational and motivational/attitudinal vulnerabilities (or capacities) are reduced or increased”, Anderson and Woodrow (1989, p. 12) argued that relief workers should avoid seeing clients as “helpless victims” because they have many resources even at times of emergency, and that these resources should form the basis of recovery (Longhurst, 1994). Economic stress and decline can intensify adversity as much as sudden shocks or disasters. In this case the capabilities of individuals and households are deeply influenced by factors ranging from the prospects of earning a living, to the social and psychological effects of deprivation and exclusion. These include people’s basic needs, employment at reasonable wages and health and education facilities (Streeten et al., 1981). They can also include the socially generated sense of helplessness that often accompanies economic crisis — what Sen (1985) in his discussion of human capabilities calls the “politics of hope and despair” — with its associated crime rates (Bardhan, 1996).

(c) Relating vulnerability to asset ownership

The critical relationship between vulnerability and asset ownership provides a third issue of operational significance. Analyzing vulnerability involves identifying not only the threat but also the “resilience,” or responsiveness in exploiting opportunities, and in resisting or recovering from the negative effects of a changing environment. The means of resistance are the assets and entitlements that individuals, households, or communities can mobilize and manage in the face of hardship. Vulnerability is therefore closely linked to asset ownership. The more assets people have, the less vulnerable they are, and the greater the erosion of people’s assets, the greater their insecurity.

As with vulnerability, conceptual confusions and overlapping categories in the extensive literature on entitlements, assets and endowment reflect not only a rapidly developing debate, but also the divergent objectives of different researchers in the field. Thus Sen (1981) in his entitlement approach, distinguishes between ownership entitlements (of land, labor, etc.), and exchange entitlement; Swift (1989) analyzes vulnerability and security as a function of assets, which he classifies as investments (human investments in education and health, and physical investments in housing, equipment and land), stores (food, money or valuables such as jewelry) and claims on others for assistance (including friendship, kinship, networks and patrons in the community, government and international community); and finally, Maxwell and Smith (1992), in identifying the risks to food entitlement, classify five sources of entitlements as productive capital, non-productive capital, human capital, income and claims.

The vulnerability/asset ownership debate has mainly concerned the rural sector. Consequently, in the context of an urban study it is also important to identify any distinctive features of urban vulner-
ability deriving from the particular assets that the urban poor control. Three generalized characteristics of urban life often identified as differentiating urban from rural areas are levels of commoditization, environmental hazard, and social fragmentation.

The highly "commoditized" nature of the urban sector means that labor is the urban poor’s most important asset, generating income either directly in terms of its monetary exchange value through wage employment, or indirectly through the production of goods and services which are sold through informal sector self-employment activities. (World Bank, 1991c, p. 3). Another aspect of a commoditized context is that urban households pay for their food and shelter rather than rely on their own production. They may also be more dependent upon purchasing services such as transportation and education than are rural dwellers. Although access to land and housing varies widely from one context to another and is often illegal and insecure, where available it represents more than shelter to ensure physical well-being (Harday et al., 1990). In the urban context, housing is an important asset that generates income through, for instance, renting rooms and the use of its space for home-based production activities.

While the urban poor may benefit from public sector service provision, poor quality housing and inadequate water supplies, sanitation, and solid waste disposal are all environmental hazards that often have a particularly serious impact upon the urban poor’s human capital, health and well-being (Harday et al., 1990). Environmental pollution due to poor sanitation and waste disposal may be exacerbated by industrial, vehicular air and water pollution.

Finally, the urban poor may be particularly vulnerable to social fragmentation. Community and interhousehold mechanisms of trust and collaboration can be weakened by greater social and economic heterogeneity, associated with wider distributional ranges of incomes, opportunities, and access to infrastructure, services, and political influence in urban areas. This contrasts with the “moral economy” of rural areas, where the right to make claims on others, and the obligation to transfer a good or service is embedded in the social and moral fabric of communities (Scott, 1976), and a “continuum of exchange” (Sahlins, 1965) of non-market transfers is sustained largely by the long-term self-interest of households in search of mutual insurance against livelihood insecurity (Platteau, 1991). Evidence that moderate scarcity can engender greater non-market exchange provides policy recommendations to strengthen and extend local systems of mutual insurance (Adams, 1993).

Other recent research on trust and collaboration relevant to the urban context includes new work on “social exclusion” central to West European policy discourse concerning unemployment and deprivation in contexts of economic globalization (Gore, 1995), and the burgeoning debate on “social capital.” While anthropologists have long acknowledged the importance of social capital as critical in building and maintaining the trust necessary for social cohesion and change, economists are beginning to recognize its importance as a determinant of the feasibility and productivity of economic activity. Putnam, for instance, defines the “stocks” of social capital as the informal and organized reciprocal networks of trust and norms embedded in the social organization of communities — with social institutions both hierarchical and horizontal in structure (Putnam, 1993). In the urban study, the extent to which economic crisis increases or erodes social capital may have important long-term consequences for a community’s ability to create and sustain alternative delivery services if publicly provided services deteriorate.

The capacity to respond to changes in the external environment depends not only on community level trust and collaboration, but also on social cohesion embedded in household and intrahousehold level relationships. At the household level internal life-cycle factors that affect the structure and composition of households, such as birth, marriage and death, can affect their ability to respond to external changes (Evans, 1989). Within households, asymmetries in rights and obligations on the basis of gender and age translate into differences in the ability to cope with economic difficulties (Sen, 1990; Elson, 1991; Moser, 1993).

Contributing to the extensive asset/vulnerability debates identified above, the urban study developed a classification of assets, appropriate for the urban poor identified in terms of an “asset vulnerability framework.” This includes well-known tangible assets such as labor and human capital, prioritized in the 1990 Poverty WDR (World Bank, 1990), but is a more inclusive framework that comprises less familiar productive assets such as housing, and largely invisible intangible assets such as household relations and social capital. These can be summarized as follows:

- Labor — commonly identified as the most important asset of poor people.
- Human capital — health status, which determines people’s capacity to work, and skills and education, which determine the return to their labor.
- Productive assets — for poor urban households the most important is often housing.
- Household relations — a mechanism for pooling income and sharing consumption.
- Social capital — reciprocity within communities and between households based on trust deriving from social ties.
(d) Categorizing coping and asset management strategies

The ability to avoid or reduce vulnerability depends not only on initial assets, but also the capacity to manage them — to transform them into income, food or other basic necessities. The forth, and final issue of operational relevance considered here concerns the categorization of coping/survival/response strategies. These concepts are by no means new; over the past 30 years, in the Third World urban context, for instance, they have become important elements in anthropological “shanty town” ethnographies. The role of economic, social and political networks of reciprocal exchange as critical ethnographies. The role of economic, social and political networks of reciprocal exchange as critical mechanisms for survival were highlighted in Lewis’s (Lewis, 1961) “culture of poverty,” Perlman’s (Perlman, 1976) “myth of marginality,” and Lomnitz’s (Lomnitz, 1977) “networks and marginalization,” to cite three “classical ” Latin American slum studies.

The food security literature, however, has given new meaning to the term “coping strategy,” because of its operational usage as a predictor of food stress. Since monitoring tools require measurable indicators, more precise definitions and sophisticated categorizations have developed (Maxwell and Frankenberger, 1992). Davies (1993), for instance, distinguishes between coping — a short term response to an immediate and habitual, decline in access to food — and adapting — defined as a permanent change in the mix of ways in which food is acquired, irrespective of the year in question (Davies, 1993, p. 60).

There is a growing recognition that the poor are strategic managers of complex asset portfolios. This highlights the limitations of using unidimensional indicators of coping strategies to measures the “complexities which need to be understood before they can be simplified for policy-making and implementation” (Davies, 1993, p. 68). In the urban context, where risks and uncertainty are the consequence of lower real incomes, higher prices and declining quantity or quality of economic and social infrastructure, two analytical tools from the food security literature appear particularly relevant. First is a useful distinction between “income-raising strategies”— aimed at acquiring food — and “consumption modifying strategies” — aimed at restraining the depletion of food and non-food resources (Devereux, 1993, p. 57).

Second is the importance of “strategy sequencing” — the sequential uptake of coping strategies — highlighted by empirical evidence demonstrating that the preservation of assets often takes priority over meeting immediate food needs (de Waal, 1989). This shows that households select from a range of nutritional, economic and social responses available to them (Corbett, 1988), with sequencing “the product of a number of complex (though largely intuitive) calculations concerning the feasibility, relative costs and expected return of each option, both immediately and for the future.” In the urban study it is useful to explore whether a linear sequence, or “discrete stages” can be isolated, or whether as found in some rural studies, the “the simultaneous adoption of several responses confounds this” (Devereux, 1993, p. 59).

4. RESEARCH RESULTS: ASSET PORTFOLIO MANAGEMENT IN AN URBAN ECONOMIC CRISIS CONTEXT

This section highlights the main results from the urban study, incorporating substantive issues identified above into an asset vulnerability framework. In this way the study links income-poverty measurements to more dynamic dimensions of vulnerability, relating to the asset “stocks” that poor households accumulate or lose during a period of “economic crisis.” Illustrating how poor households manage their portfolios raises a number of critical questions. What risks do poor households take in order to withstand long-term economic crises, without irreversible damage to their net asset position? Under conditions of prolonged uncertainty, how do households diversify their assets, minimize vulnerability and prevent asset erosion? Finally, are some assets more finite than others? At what stage are assets so depleted that even an upturn in the economy cannot reverse the damage — in other words, what are the implications for households when all “capital is cashed in”? To facilitate the identification of interventions that assist asset consolidation, findings on the five assets are examined in the light of these questions.

(a) Characteristics of the research communities

The urban study was undertaken in 1992 in Chawama, in Lusaka, Zambia; Cisne Dos, in Guayaquil, Ecuador; Commonwealth, in Metro Manila, the Philippines; and Angyalfold, in Budapest, Hungary. Its antecedent was a longitudinal community panel study that compared households in a low-income community in Guayaquil, Ecuador, during 1978–88 (Moser, 1992). This study extended the Guayaquil study, and undertook three additional urban community studies. The cases were chosen to provide examples of contrasting experiences of economic difficulty from different regions of the world, and were not “representative” as such, since each context had a distinct historical experience of governance, resource base, economic development
path, and per capita income. The one non-developing country chosen, Hungary, was included to identify strategies in a transition economy, but Angyalföld, Budapest, was largely excluded from the comparative analysis.

The case study countries have in common a decade of economic difficulties in the 1980s when all endured high inflation and lower-than-average or declining per capita income. Because of the urban focus, countries were chosen that have increasing rates of urbanization and in which more than 40% of the population lives in urban areas. Communities were selected in “typical” poor areas. In the late 1970s these areas were characteristically inhabited by young, aspiring low-income populations. All but Angyalföld, Budapest were “marginal” areas, originally settled through “invasion” or “squatting.” They underwent a complex process of consolidation during the 1970s and early 1980s in which makeshift housing was transformed into permanent structures, and residents gradually gained access to services. At the same time considerable internal socioeconomic differentiation occurred as some households prospered more than others.

(b) Measuring poverty trends in the research communities

The urban study used income to measure poverty levels in each community (see Table 1). It also used income poverty measures to show that changes in prices, wages and public spending during periods of economic difficulty increase hardship for poor urban households.

In the communities for which trend data exist, research results indicate that the poor are becoming poorer. During 1978-92, real per capita income declined by 39% in Chawama, Lusaka, and by 14% in Cisne Dos, Guayaquil.17 Households in both communities, on average, were worse off than a decade before. This was particularly the case in Chawama where, consistent with national trends, real income declined dramatically. As illustrated in Table 2, the study also documented common "consumption modifying strategies" to declining real income — such as cutting total spending, changing dietary habits, and cutting back on purchases of nonessential goods.

(c) Managing asset portfolios: The asset vulnerability framework

Although income trend data and consumption characteristics were an important starting point in the study, they provide only a partial picture, and cannot capture the diversity of responses to economic difficulty. The urban study documented household responses or strategies to deteriorating economic situations in terms of the asset vulnerability framework. As summarized in Table 3, research communities showed important similarities and differences in the choice of "income-generating strategies" they adopted to "cushion" themselves, and limit the impact of external shocks. In such adjustment processes there are both winners and losers; there were important differences within communities between households, with some coping better than others, depending on constraints impeding their asset accumulation. Finally, some strategies had unanticipated negative effects on equality within households, on family integrity, and on social cohesion.

(i) Labor as an asset

In deteriorating economic contexts, household labor portfolios are most effectively managed by increasing the number of workers. When household income declines, the first, and most important response is to mobilize additional labor — demonstrating the importance of labor as an asset. This is a complex task, with differences in household structure and composition affecting choices, and strategy sequencing.

Trend data showed that in all four research communities, when households became poorer, the common response was for more women to join the labor force. During 1978-92, the share of women working increased most dramatically in Chawama, Lusaka, from 9% to 34%; in Cisne Dos, Guayaquil, it went from 32% to 46%, and in Commonwealth, Metro Manila, over 1988-92 it increased from 22% to 37%. Women’s contribution to household income varied, depending on their opportunities and on their constraints—their education levels and the need to balance employment with multiple household responsibilities. The vast majority of women in the three developing country communities worked in petty trade and informal sector services as domestic servants, laundresses, street sellers, or scavengers. They were forced through lack of choice to enter competitive, dead-end occupations with low pay and long hours. In 1992, women working in the informal

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Table 1. Incidence of poverty in the research communities, 1992 (percentage of households, based on country-specific poverty lines)

<table>
<thead>
<tr>
<th>Community</th>
<th>Poor</th>
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</thead>
<tbody>
<tr>
<td>Chawama</td>
<td>54.3</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>24.0</td>
</tr>
<tr>
<td>Cisne Dos</td>
<td>77.2</td>
</tr>
<tr>
<td>Angyalföld</td>
<td>17.8</td>
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<table>
<thead>
<tr>
<th>Community</th>
<th>Share of households reducing spending (percentage)</th>
<th>Food substitutions</th>
<th>Changes in eating habits</th>
<th>Changes in buying habits</th>
<th>Nonfood items targeted for cuts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chawama</td>
<td>56</td>
<td>-Vegetables for meat</td>
<td>-Switching to main meals consisting only of vegetables and nshima</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commonwealth</td>
<td>30</td>
<td>-Am for children (water from boiled rice) rather than milk</td>
<td>-Cutting down from 3 to 2 meals a day</td>
<td>-Skipping afternoon snack and purchases of cooked food (half do this)</td>
<td>-Medicine, education, transportation, clothing, gifts, recreation</td>
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<tr>
<td></td>
<td></td>
<td>-Generic brands rather than quality processed food</td>
<td></td>
<td>-Purchasing small quantities</td>
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<tr>
<td>Cisne Dos</td>
<td>45</td>
<td>-Water for milk in morning drinks</td>
<td>-Cutting down on the number of meals—first with supper, then breakfast—or eating less at midday to allow for the evening meal</td>
<td>-Cutting purchases of cooked and fast food</td>
<td>-Medicine, books, clothing, house repairs</td>
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<td></td>
<td></td>
<td>-Reducing food allowance for children in school and working adults</td>
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<tr>
<td>Angyalföld</td>
<td>—</td>
<td>-Eggs for meat</td>
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<td>-Using cheaper cuts of meats</td>
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<td></td>
<td></td>
<td>-Low-quality substitutes</td>
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<td>-Shopping in discount food stores</td>
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<td>-Freezing and processing foods</td>
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<td></td>
<td></td>
<td>-Buying less food in bulk</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>-Semiautomatic washing machines, black and white TVs</td>
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Table 3. Household strategies for mobilizing assets in response to changes in economic circumstances

<table>
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<tr>
<th>Type of assets</th>
<th>Households response</th>
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| Labor                              | — Increase the number of women working, mainly in the formal sector  
Long-term trend data show a dramatic increase from 32% to 46% in Cisne Dos and from 9% to 35% in Chawama. Short-term trend data for Commonwealth show an increase from 22% to 37% (for heads of household and spouses only).  
— Allocate a disproportionate share of women’s time to meet increasing responsibilities  
Although men and women in 1992 worked nearly the same number of hours in productive work, women have a considerable extra time burden in domestic responsibilities over and above childcare. In Commonwealth, Chawama, and Angyalföld women worked an average of 15 hours a week on household task in 1992, compared with 3.5 hours for men.  
— Allocate more time to obtaining services in response to the declining quality of infrastructure  
Inaccessible and poor-quality services impose a time cost on the poor, particularly women, who are responsible for most household tasks. In 1992, households spent an average 45 minutes a day fetching water in Cisne Dos, 90 minutes in Commonwealth, and 90 minutes in Chawama.  
— Increase reliance on child labor  
The poorest households are most likely to rely on children’s labor with boys more likely to earn income and girls to assist with childcare (66% of girls in Cisne Dos, 50% in Commonwealth, and 20% did in Chawama). In the three developing country communities children worked an average of 13–15 hours a week in home-based enterprises.  
— Diversify income through home-based enterprises and renting out  
Homeowners use housing (house and land) as income-generating assets. In 1992, in Cisne Dos and Commonwealth, one in three households earned income from home-based enterprises. In Angyalföld women work as dressmakers, hairdressers, and beauticians. In Chawama almost half of homeowners earn extra income from rent.  
— Adopt intergenerational plot identification strategies to accommodate children’s households  
Long-term trend data in Cisne Dos show that households are “nesting,” as children build houses on their parents’ plots to reduce vulnerability.  
— Substitute private for public goods and services  
In 1992 nonpoor households in Cisne Dos purchased drinking water from vendors and installed water pumps to cope with low pressure. In 1992, more than 50% of those who were ill in Cisne Dos and Chawama opted for private health care. More affluent households in Angyalföld also chose private doctors. A third of electricity connections in Cisne Dos and a quarter in Chawama are illegal.  
— Increase reliance on extended family support networks  
Long-term data show an increase in extended households from 33% to 38% in Cisne Dos and from 32% to 46% in Chawama. Short-term trend data for Commonwealth show an increase from 35% to 38%. Data for 1992 show “hidden” female heads of households in 50% of extended households in Cisne Dos, in 25% of those in Commonwealth, and in 20% of those in Chawama.  
— Increase labor migration and remittances  
In Commonwealth, international migration, mostly male labor, resulted in an increase in the number of households receiving overseas remittance from none in 1988 to 22% in 1992. In Cisne Dos the growth in the shrimp farming industry led to an emigration by some male workers to rural areas.  
| Social and economic infrastructure | — Increase reliance on informal credit arrangements  
In Chawama, Commonwealth, and Cisne Dos about 50% to 75% of households borrowed money from friends and neighbors in 1992 to pay for their food. In Cisne Dos 42% had credit arrangements with private doctors, and more than half of households in Commonwealth borrowed from informal lenders for medical expenses. In Angyalföld a third of households and 57% of the poorest households borrowed from neighbors and relatives to meet daily needs.  
— Increase informal support networks among households  
Women’s kin and neighbor networks share childcare and space. In Chawama and Cisne Dos, some 15% to 25% of households with children under age ten depended on neighbors for childcare in 1992.  
— Increase community-level activity  
Communities achieved increased provision of urban services—such as school repairs, latrines, and preschool equipment—through local and international NGO projects that required community participation. |

* All long-term data refer to 1978–92, and all short-term data to 1988–92.
poorest households, in which adult workers were unable to earn enough to keep the family afloat were most likely to send children out to work. Children’s employment is difficult to measure because it is often “hidden” — intentionally because of the stigma of keeping children out of school, or unintentionally, when children work in household enterprises. Household survey data show that child labor reduces vulnerability, rather than keeping households out of poverty — households with children working are not necessarily above the poverty line. Gender divisions of labor mean that boys usually earn income directly, while girls assist indirectly, taking on childcare responsibilities to release other household members — principally their mothers — to work. Both boys and girls help in home-based enterprises. Children who work do not necessarily drop out of school; while girls dovetail school with their childcare responsibilities, boys do so with work, both using shift work systems wherever possible to continue their education.

The entry of women and children into the labor market has not meant that fewer men are working. Household asset portfolios increasingly depend on multiple earners, complementing, rather than substituting for, male income. The poorer the household, the greater the number of women working, and the more dependent it is on their earnings. In Chawama, and Cisne Dos, working women contributed more than half of the earnings in poor households, compared with only a third in nonpoor households. In Commonwealth, they contributed just under half of household earnings in all income groups. Although men’s employment has declined somewhat in Chawama because of formal sector contraction, and in Angyalföld, Budapest because of the dismantling of insolvent state-owned enterprises, the most important change has been in the contractual nature of work, with secure wage employment decreasing, and casual labor increasing. Such changes are a manifestation of more flexible labor markets, leading to greater insecurity for many male workers, and less reliance on male labor as an asset.

To maximize returns, households have responded proactively to changing labor demand. In Cisne Dos, workers have migrated to rural areas to take advantage of new opportunities in shrimp aquaculture, sending remittances home; in Commonwealth, households have been able to partially offset vulnerability in the formal labor market through remittances from household members working overseas, and through expanding opportunities in the informal sector. In Chawama, however, limited informal sector opportunities for a few male traders have been insufficient to compensate for retrenchment in formal sector service employment.

Mobilizing additional family labor can bring significant economic payoffs in increased and diversified household income. But the strategy can also have important costs. In Commonwealth, nonpoor households successfully rely on outside remittances to reduce poverty, but with the long-term cost of permanently-split households, more are vulnerable to weakening family relationships. Local women voice concern about the erosion of family values, the long-term effects on children of being brought up without paternal guidance, and the decline in the complex family reciprocity networks, an important part of the Philippine society. Child labor also raises important concerns. When the poorest households depend on their children’s labor as an asset to maintain current consumption rather than invest in their children’s future human capital by educating them, they risk future income-earning capacity, perpetuating poverty from one generation to the next.

(ii) Human capital as an asset

Human capital development is closely linked to the economic and social infrastructure provision. Social services such as education ensure that people gained skills and knowledge, while economic infrastructure such as water, transport, and electricity — together with health care — ensure that they used their skills and knowledge productively. In all four research communities, steadily improving social and economic infrastructure provision during the late 1970s and early 1980s resulted in gains in human capital. During 1978–92 this made a crucial difference in the urban poor’s ability to overcome poverty and reduce vulnerability. In both Chawama, Lusaka, and Cisne Dos, Guayaquil, public investments in education meant the working population was better educated than a decade earlier — reflecting national trends. The male-female education gap also narrowed in Cisne Dos, though not in Chawama. Data linking household income to educational levels clearly demonstrate the importance of human capital as an asset. In all four communities household heads’ education level was linked to household income level, and those households of less-educated household heads, were more likely to be below the poverty line (see Table 4).

During the late 1980s and early 1990s, public investment trends were reversed with a reduction in infrastructure provision in Chawama, Cisne Dos, and Commonwealth, Metro Manila. A decline in both the quality of services and the accessibility of those services has resulted in households’ choosing to allocate scarce resources to pay for private services. In Chawama and Cisne Dos, for example, half of those who were ill in 1992 opted
Table 4. Average years of schooling of household head by poverty group in the research communities — 1992

<table>
<thead>
<tr>
<th>Community</th>
<th>Nonpoor</th>
<th>Poor</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chawama</td>
<td>8.8</td>
<td>8.0</td>
<td>8.3</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>9.0</td>
<td>7.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Cisne DOS</td>
<td>10.4</td>
<td>8.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Angyalföld</td>
<td>11.4</td>
<td>8.6</td>
<td>10.9*</td>
</tr>
</tbody>
</table>

* Excludes two cases.

for private health care; in Angyalföld, Budapest, a few affluent households paid for private health practitioners. In both cases health status is given priority over other expenditures, to ensure that all household members are either working or studying. Nonpoor households are better able than poor ones to replace public with private services; in Commonwealth the nonpoor use private health care services, while the poor depend on public health care. Although household expenditure on infrastructure is similar across the four communities, with households spending on average between 20 and 30% of their income, poor households pay at least twice as much of their income for these services as nonpoor households do.

Dissatisfaction with the access to and quality of water was universal in all developing country contexts. In Cisne Dos the declining quality of piped water prompted nonpoor households to substitute private for public sources, purchasing drinking water from vendors, and to install water pumps to cope with low pressure. In Commonwealth, most households have had to rely on artesian wells since the public water supply was cut off in 1984. In 1992, Chawama women made at least two trips a day to fetch water, with each trip taking more than an hour.

The greater vulnerability of poorer households to service deficiencies and cuts in public spending in turn has influenced their capacity to mobilize their labor as an asset. For instance, deteriorating access to services means more time is required to meet daily basic needs, with women most severely affected. This has important implications for household welfare. When it takes women longer to carry out such tasks as fetching water, they have less time for income-generating activities, with the interrelationship between these two assets critically important to household vulnerability.

(iii) Productive assets such as housing

While rural-focus research has long considered the importance of land as a productive asset for the rural poor (Bardhan, 1996) the importance of housing (the house and its plot) as a productive asset for the urban poor has received far less attention. Since research results in all four communities revealed that housing ownership was by far the most important productive asset of the urban poor, this section focuses specifically on housing — although other productive assets, such as sewing machines, radios, refrigerators and to a much lesser extent bicycles and motor vehicles were also identified. Interestingly enough, in none of the four communities did urban farm plots contribute to household income.

Housing is commonly identified as a basic need or item of household consumption. It is also an important productive asset, however, that cushions households against severe poverty. Housing insecurity, such as when “squatter” households lack formal legal title, creates an extreme sense of vulnerability. In contrast, tenure security and legal title give households the incentive to invest in upgrading their homes and the security to use this asset productively, particularly when other sources of income are reduced. While a strategy centered on housing as an asset helps some move out of poverty, for others it prevents them from slipping to the point where they become unable to respond to new opportunities.

The four case studies show that the ability of home owners to use their housing to reduce vulnerability is dependent on the regulatory environment (see Table 5). In Cisne Dos, Guayaquil, where the land market is unregulated, families have used an intergenerational densification strategy of “nesting”— building separate housing structures on their plot on an informal basis for additional extended household members — to reduce the vulnerability of newly formed young households or of elderly parents. In 1992, one in three young households (those whose heads were 4.5 or younger) were nesters. As a result there has been little development of a rental sector, with the number of plot owners only declining from 88% to 75% during 1978–92.

In Chawama, Lusaka, in contrast, the regulated Zambian land market has prevented such densification strategies, encouraging the growth of an illegal, high-cost rental sector. Renting households increased from 40% to 60% of households during 1978–92 — with rent payments an important drain on household income. Young residents unable to afford rent are forced to move in with home-owning relatives, increasing households’ dependency ratios and decreasing their per capita incomes. Consequently ownership in Chawama has become more of a liability than an asset for the
decreasing number of homeowners, who are forced to support numerous homeless members of their extended families. In Commonwealth, Metro Manila, where legal title is not secure, households feel vulnerable regardless of their income level. Their insecurity is reflected in a reluctance to invest in upgrading and a relatively transient population.

Research results show that home ownership provides opportunities for home-based enterprises. These are especially important for home-bound women, allowing them to contribute to household income. The success of such enterprises, however, also depends on access to assets that complement home ownership, such as electricity, water, skills, and credit. Differences in the poverty reduction achieved through home-based enterprises reflect initial disparities in households' access to such assets. In 1992, a quarter of Chawama households operated some type of home-based enterprise to cushion themselves against extreme poverty; in Commonwealth where a third of households had home-based enterprises, half of household income was obtained from the enterprise. Its importance as a productive asset is highlighted by the fact that per capita incomes in households with home-based enterprises were 22% higher than those of households without home-based activities.

As illustrated in the developing country case studies, recognition of housing as an asset provides important evidence not available in income-poverty studies that can fundamentally assist poverty reduction strategies. In those urban contexts where the poor are systematically excluded from formal sector jobs, and the capacity of macroeconomic growth strategies to generate additional jobs is limited, the removal of tenure-insecurity related obstacles that prevent or constrain households from using their housing effectively as a productive asset is possibly the single most critical poverty reduction intervention.

(iv) Household relations as an asset

Although household relations are rarely considered an asset, in reality they play an important part in a household's ability to adjust to changes in the external environment. Household composition and structure, and the cohesion of family members determine its ability to mobilize additional labor, as mentioned above. In addition, households are adaptive institutions for pooling income and other resources, and for sharing both consumption-modifying and income-raising strategies.

In times of economic difficulty, households act as critical safety nets, long before outside assistance is provided. As short-term "shock absorbers" they reduce the vulnerability of individuals who join them. In the longer term restructuring can increase or decrease vulnerability for the whole household, depending on the contributions of new members. Research results showed that households routinely restructure for internal reasons such as birth, death, marriage, childcare needs, marital conflict, and the need to support weaker members, such as the elderly. They also restructure in response to external crises such as housing and employment problems. In Chawama, Lusaka, and Angyalföld, Budapest, overcrowding and limited privacy were particularly problematic, causing restructuring.

Two long-term trends in household restructuring, similar across all four communities provide evidence of the way in which changing "stocks" can affect vulnerability — either increasing or reducing it. First, consistent with the global trend, an increasing number of households are headed by women, although the scale of the phenomenon varies by region. In 1992, in Chawama, 10% of households were headed by women; in Commonwealth, Metro Manila, 15%; in Cisne Dos, Guayaquil, 20%; and in Angyalföld 38%. Counterintuitively, such households are not necessarily poorer than households headed by men. Indeed, the data show that it is often only older, better educated women with adult children contributing income that can afford to head a household.

A second long-term trend is the increasing number of extended households. In 1992 these constituted more than a third of households in Chawama, Cisne Dos, and Commonwealth. Nuclear households expand to larger, extended households— with lower per capita income and higher dependency ratios — either to provide a refuge or safety net for vulnerable individuals or in a conscious strategy to pool more effectively resources such as food, space, income, and childcare. The poorest households are most often extended households, typically comprising a couple, their children, and other related adults.

### Table 5. Occupancy status in the research communities, 1992 (percentage of households)

<table>
<thead>
<tr>
<th>Community</th>
<th>Owner-occupieda</th>
<th>Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chawama</td>
<td>37.6</td>
<td>62.4</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>79.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Cisne Dos</td>
<td>94.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Angyalföld</td>
<td>30.7</td>
<td>69.3b</td>
</tr>
</tbody>
</table>

a Not necessarily with legal title.
b Renting from local government.
and children, a structure leading to high dependency ratios and low per capita incomes. The one exception to this pattern is Chawama, where the incidence of poverty is greater among households headed by women than among those headed by men.

The study’s results also highlight three common types of household restructuring to reduce age and gender-related vulnerability with strategy sequencing dependent on life-cycle stages. Each case demonstrates the importance of household relations as an asset. First, households often restructure to integrate “hidden” female heads — young single mothers, unwed or separated from their partners. This largely unrecognized phenomenon is common in the three developing country communities. In 1992, half of extended households in Cisne Dos, a quarter of those in Commonwealth, and a fifth of those in Chawama included young, generally poorly educated mothers, most of whom did not regard themselves as household heads. Depending on resource allocations within the household, and whether the women are working, they might be the poorest of the poor—although for targeting purposes they are largely invisible. Households also restructure to assist young unemployed men, which can prove to be a significant drain on resources. In Chawama, poverty in extended households was related to the fact that half of all extended households had young unemployed men as members (three-quarters of them under the age of 25).

A second important strategy, in this case for poor middle-aged women, is to avoid heading a household. In Chawama women view female headship as a high-risk arrangement—largely on economic grounds. Strategies to avoid taking on primary income-earning responsibility revolve around serial monogamy. When relationships break up, women rapidly seek new partners. Complex negotiations between partners often result in children being sent into the care of relatives.

Finally, older women’s strategies for coping with the restructuring of households, prompted by the termination of a marriage, through divorce, separation, or death, vary depending on the social and institutional context. In Angyalföld women frequently stay single after marriages end in order to remain eligible for single women’s benefits—though they often maintain a relationship with a nonresident partner. In Cisne Dos, where nearly half the female heads of households are separated or divorced, and another third are widows, older women absorb younger relatives into their households, pooling incomes and sharing responsibility for care of children and the elderly.

While households are an important asset providing security and redistributing income, they can also be sources of inequality for members on whom unequal burdens are imposed. In all four communities, the study found that within the household the weight of coping with economic crises is unequally distributed. Women, because of their multiple responsibilities, assume a disproportionate share of the burden of adjusting to adverse economic circumstances. While they have increasingly taken on paid work in addition to their household responsibilities, men have not adjusted by taking on significantly more household tasks. Nor have governments or local communities made compensatory adjustments by providing more childcare facilities. As shown in Table 6, in all four research communities intrahousehold time management data showed men and women contribute nearly the same number of hours in productive work; women also contribute up to 16 hours a week in reproductive activities, excluding childcare, while men average five or fewer hours a week. Both devote little time to community managing, but in these tasks too, women average more time than men. Women on average spend consistently more time working than men.

The fact that women’s total time in paid employment depends on household structure demonstrates that labor and household relations are interrelated assets. Women in extended households reallocate reproductive tasks to daughters, mothers, and sisters. In Commonwealth, for example, there are strong traditions of intergenerational childcare support, in Cisne Dos where older daughters quickly assume

<table>
<thead>
<tr>
<th>Community</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P</td>
<td>R</td>
</tr>
<tr>
<td>Chawama</td>
<td>50</td>
<td>?</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>53</td>
<td>3</td>
</tr>
<tr>
<td>Cisne Dos</td>
<td>47</td>
<td>5</td>
</tr>
<tr>
<td>Angyalföld</td>
<td>45</td>
<td>4</td>
</tr>
</tbody>
</table>

P = productive, income-earning activities.  
R = reproductive tasks excluding childcare.  
CM = community managing activities.
responsibility for younger siblings, mothers often allocate all reproductive tasks to daughters — including attending community meetings — and devote themselves entirely to productive work. Worst off are women with very young children but without childcare support. They have no alternative to locking their children in the house while they are at work.

Household adjustments that diversify or increase household income reduce vulnerability, but can have social costs. Although difficult to quantify, a number of common characteristics in the four communities highlight this issue. Families perceive that they have changed long-held norms and patterns of parenting. Women worry about child neglect, are concerned about less guidance for older daughters, and, above all, are preoccupied about reduced control over teenage sons. With less supervision, these boys are more likely to drop out of school, become involved in street gangs, and be exposed to drugs.

Adverse economic conditions put additional pressure on human relationships, resulting in increased conflict and violence between household members. In all research communities, women reported that domestic violence was prevalent, identifying a direct link between declining male earnings and increasing domestic violence, often in conjunction with alcohol abuse. Less recognized is the way that increased reliance on children's labor can exacerbate conflict between parents and children. This occurs when youth resist added responsibilities, when, with less parental supervision, they fail to study or help in the home, or when sons in particular spend too much time in the street, often drinking.

The importance of household relations as an asset and the manner in which changes in household structure and composition can drastically affect vulnerability are most dramatically illustrated in the research project by subsample data tracking household changes over a 10-year period. In both Angyalföld and Cisne Dos marital conflict was the main cause of household restructuring. While separation reduces stress and violence, it also means that households have fewer assets on which to call. For women in the research communities, it is the high economic risk, rather than the social stigma of separation, that provides the greatest incentive for remaining in conflictive relationships.

(v) Social capital as an asset

The extent to which a community itself can be considered an asset that reduces vulnerability or increases opportunities depends on its “stock” of social capital. Reciprocal relationships and social networks, originating in rural-urban networks, based on kin and place of origin, and on more recently formed local networks, are important in the consolidation process. Short-term reciprocity, centered mainly on money and responses to crises such as death and illness, and longer term reciprocity in food, water, space, and childcare, are often a precondition for the trust and cooperation that underlie community-based organizations (CBOs).

Using number and duration of CBOs as an indicator of social capital, research results show that different patterns of consolidation have led to differences in community “stocks” of social capital. Squatter communities such as Cisne Dos, Guayaquil, and Commonwealth, Metro Manila, consolidated through long processes of conflictual negotiation with political parties and governments, have developed horizontally structured CBOs capable of negotiating for improved services, supplied by government agencies or nongovernment organization (NGOs), during periods of constrained resources. In communities such as Chawama, Lusaka, served by government and hierarchically structured church and NGO welfare delivery systems that do not necessarily increase the stock of social capital, CBOs are less developed. These findings, while preliminary, concur with Putnam’s (1993) thesis that the greater the collaboration of horizontally based social institutions at community level, the higher the stocks of social capital.

Research results also show that the permanence of social capital cannot be taken for granted. When households are coping, they support others. But when their assets are depleted, they cease to support the community. The case studies show a mixed picture of erosion and consolidation of social capital under difficult economic conditions. Overall, the evidence suggests that where households have sufficient resources, reciprocity in cash and nonmonetary exchanges has been sustained. In all communities reciprocal links between neighborhood women, for example, have strengthened. In sophisticated reciprocal arrangements, designed to achieve efficient use of time, women share food, water, cooking, and childcare. Traditional credit arrangements were found in all the research communities, with poorer households borrowing on a short-term basis from neighbors, and nearby relatives, for daily consumption needs such as food and water, and to pay electricity bills. Reciprocity networks also extend beyond the local community. In Commonwealth, for example, complex urban-rural reciprocity systems have remained strong, reducing vulnerability for both urban and rural households.

Other evidence suggests, however, that economic crisis has pushed some households beyond the point at which they can sustain such reciprocity. In Chawama,
poor women said they had ceased to borrow from their neighbors, because of increasing problems in repaying them, while reciprocal rural community linkages have become strained, as households are forced to focus on their own survival. In Cisne Dos, the weakening of informal borrowing arrangements in the community prompted two local NGOs to establish emergency fund programs in the late 1980s. As mentioned in the previous section, 1992 time management data show that increasing constraints on women's time have made it difficult for them to continue their community managing activities — often critical to provide or maintain such basic services as water, nutrition, and health care. In 1992 the only widely attended institution in the research communities was the church with few women active in CBOs because of their increased need to earn income. Externally managed NGO and government agency projects with income or welfare components are the most important activity in all communities.

Finally, the study shows that increasing levels of violence, perceived to be associated with economic crisis, have eroded social capital. Residents in all three developing country contexts perceived an escalation in levels of crime and violence, which they attributed to increasing unemployment, particularly among young men, and growing drug and alcohol abuse. In Commonwealth, six out of 10 women, widowed over a 10-year period, had lost their husbands as a result of violent death — usually associated with drinking episodes, that brought political disagreements, or long-term feuds, to a dangerous head; in Cisne Dos, in a six-month period, one in five women was robbed on a public bus — attacked by gangs of young men armed with knives, machetes or handguns — and one in two witnessed such an attack; in Chawama, vandalism of property has curtailed community activities. After losing electrical fittings, schools closed adult evening classes, while community centers having lost their recreational equipment, furniture and teaching aids, ceased to offer programs for women and youth.

The rising number of burglaries have eroded long-held reciprocal trust among neighbors and community members. Increasing murder rates, street and public transport crime, and vandalism of public property, have all threatened personal safety, exacerbating isolation as people become increasingly reluctant to leave their homes after dark. This is turn has reduced participation in CBOs. In contexts such as Cisne Dos and Commonwealth, where these organizations play a critical role in negotiating for improved services supplied by government agencies or NGOs, the declining stocks of social capital has implications for accessing and maintaining vital social and economic infrastructure. In part because of increasing corruption, all communities lack confidence in the ability or willingness of the police to address such problems.

There is now growing evidence that social capital can have a significant impact on development processes and outcome in helping to build human capital (Coleman, 1990), and contributing to household welfare (Narayan and Pritchett, 1997). The inclusion of social capital within the asset vulnerability framework highlights how a community-level phenomenon can play a critical role in individual and household well-being. It also raises important questions about the implications for economic development of the erosion of trust and security.

5. CONCLUSION

In demonstrating the complexity of asset portfolio management in the context of urban economic crisis, the study contributes to a growing body of evidence that points to the limitations of income-poverty measurements to capture complex external factors affecting the poor as well as their responses to economic difficulty. The asset framework goes beyond a “static” measuring of the poor, toward classifying the capabilities of poor populations to use their resources to reduce their vulnerability. Research results from all four communities illustrate how portfolio management affects vulnerability. Asset management include labor, with multiple earners with high income levels as the optimum strategy; human capital, with better educated household heads faring well; productive assets, such as housing, with homeowners having considerable advantages; household relations, where stable, nuclear or small, extended households with low levels of intrahousehold conflict do best; and finally, social capital, with active reciprocal support networks within communities, particularly between women, and participation in community activities, facilitating trust and collaboration.

At the same time, differences in income-raising strategies mean that households that were income-poor in 1992 at the specific time of data collection may be involved in asset portfolio management strategies designed to increase their security over time. For instance households that keep children in school rather than send them out to work were poorer in income terms; however, in the longer term their strategy was intended to reduce vulnerability through consolidating human capital as an asset. Similarly, nonpoor households are not necessarily the least vulnerable — strategies to increase short-term income may damage their long-term asset base. For instance, split households doing well on remittances, such as in Commonwealth and Cisne Dos, may be vulnerable to the longer term costs of abandonment.
<table>
<thead>
<tr>
<th>Type of vulnerability</th>
<th>Outcome</th>
<th>Potential solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>—Loss of income</td>
<td>—Develop NGO credit schemes for home-based enterprises</td>
</tr>
<tr>
<td></td>
<td>—Provide adequate nontraditional skills training appropriate to the community</td>
<td></td>
</tr>
<tr>
<td>Human capital</td>
<td>—Inability to maintain investment levels in education and preventive health care</td>
<td>—Provide adequate, accessible low-costs health care</td>
</tr>
<tr>
<td></td>
<td>—Inability to provide safe, clean water</td>
<td>—Provide resources for primary education (teachers, textbooks, classrooms)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Provide credit for education expenditures such as uniforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Repair and maintain water supply</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Provide safe, easily accessible standpipes</td>
</tr>
<tr>
<td>Housing and infrastructure</td>
<td>—Inability to use housing as a productive asset</td>
<td>—Facilitate plot ownership or subdivision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Review regulatory framework for land</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide electricity so that people can operate home-based enterprises</td>
</tr>
<tr>
<td>Household relations</td>
<td>—Increased domestic violence</td>
<td>—Support police stations managed by women</td>
</tr>
<tr>
<td></td>
<td>—Lack of adequate childcare</td>
<td>—Provide community-based, community-supported care for children and the elderly</td>
</tr>
<tr>
<td></td>
<td>—Lack of caregivers for the elderly</td>
<td>—Provide time- and labor-saving technology</td>
</tr>
<tr>
<td></td>
<td>—Split households</td>
<td></td>
</tr>
<tr>
<td>Social capital</td>
<td>—Decline in attendance of CBOs, particularly by women, or in activity of CBOs</td>
<td>—Through social funds, provide real opportunities for CBO-organized interventions that recognize paid as well as voluntary work</td>
</tr>
<tr>
<td></td>
<td>—Increase in youth gangs</td>
<td>—Give priority to community facilities, especially for youth</td>
</tr>
<tr>
<td></td>
<td>—Increase in crime and homicide</td>
<td>—Support community-based solutions to crime</td>
</tr>
<tr>
<td></td>
<td>—Lack of physical mobility, especially at night and for women</td>
<td>—Enhance policing capacity</td>
</tr>
<tr>
<td></td>
<td>—Decline in night school attendance</td>
<td>—Provide a water supply close to residential neighborhoods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Provide safe transport</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Provide technologically appropriate lighting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Provide wide, open thoroughfares for vendors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>—Locate night schools close to residential neighborhoods</td>
</tr>
</tbody>
</table>
when spouses take up other partners and discontinue contributing to household income.

Research results also show the complexity of determining strategy sequencing, not only because of simultaneous strategies but also because of the interrelationship between the consolidation of different assets. For instance, the so-called “breakdown” of the family resulting from increased violence — the erosion of household relations as an asset — is not only a social problem but also a serious economic constraint that increases household vulnerability. While marital separation, or a difficult youth leaving home, can reduce domestic violence, it can also mean that households have less labor on which to call. Similarly, large “stocks” of social capital may be of little use, if the household lacks a house, friends or education. Thus, the more assets people command in the right mix, the greater their capacity to buffer themselves against external shocks.

Turning to policy, results from the urban study contribute to current debates that demonstrate the importance of shifting from “top down” blueprint recommendations — such as the popular 1990 WDR three-fold poverty reduction strategy identifying what can be done for the poor — to more flexible, “messy,” diversified, interventions, based on the poor’s perceptions as to the assets prioritized for consolidation. Table 7, for instance, provides a generalized checklist of potential solutions, derived from the four research communities, each of which is designed to consolidate a different asset. A more specific example of a policy-focused intervention using the asset vulnerability framework is provided by a recent World Bank-supported poverty study in Ecuador (World Bank, 1996). This study identified labor supply constraints relating to childcare (a critical determinant of women’s labor force participation) and existing tenure regulations constraining the poor’s use of housing as a productive asset as two priority areas for pro-poor policy interventions designed to strengthen the assets of the poor.

The study also contributes to asset/vulnerability debates in the urban context by highlighting the critical importance to household welfare of largely invisible intangible assets, such as household relations and social capital. A recent participatory appraisal of violence and poverty in urban Jamaica utilizing the asset vulnerability framework concluded that local people perceive the erosion of labor and social capital, as the most serious problems, resulting from escalating levels of violence in their local communities. The study analyzed how the erosion of these two assets in turn creates an environment that prevents households from utilizing their labor, and human capital, to generate income (Moser and Holland, 1997a). As a consequence, the current Jamaican Social Investment Fund includes in its menu of eligible subprojects interventions to facilitate consolidating or rebuilding social capital asset — such as conflict resolution programs and the rehabilitation of “integrated community spaces” including sports, teens and training facilities (Moser et al., 1996b).

While the urban study, with its associated asset vulnerability framework, is intended to contribute to debates concerning more appropriate, local interventions, it raises as many questions as it answers. Just as famine/food security policy-focused researchers seek to identify more appropriate indicators to monitor “food stress” (Davies, 1993), so too indicators should be developed to predict how changes in macroeconomic circumstances are likely to affect the poor. The urban study shows that household asset stocks are the net result of accumulation over time. If two households with similar incomes but very different stocks of assets have different capacities to handle economic downturns, then an inventory of the flows of income, services acquired and decisions made over the past might have a predictive power that is better than income alone. The study, showing important similarities in asset portfolio management strategies across communities in very different global contexts, points to the possibilities for developing such indicators. These could help identify those interventions most likely to have the greatest impact on household welfare. Since poverty reduction measures will never be simple or straightforward, the development of such indicators is now an enormous challenge for policy makers and practitioners alike.

NOTES

1. This reconfirmed commitment to the objectives of poverty reduction as the World Bank’s overarching operational objective was reinforced by a policy paper (World Bank, 1991a), an Operational Directive (O.D. 4.15) (World Bank, 1991b), and a Poverty Reduction Handbook (World Bank, 1992).

2. Although originally identified as a twofold strategy with the third, the safety-net, identified as an “important complement to the basic two part strategy” (World Bank, 1990, p. 3; World Bank, 1991a, p. 18), more recent references cite it as threefold in nature (see for instance Toye and Jackson, 1996). Thus OD 4.15 states “The WDR 1990 showed that sustainable poverty reduction could be achieved by (a) broadly based economic growth to generate efficient income-generating opportunities for the poor, and (b) improved access to education, nutrition, health care, and other social services — to improve welfare directly and to enhance the ability of the poor to take advantage of the opportunities described in (a). The approach also includes a
The recent inclusion of participatory techniques within more conventional poverty studies, such as the World Bank's poverty assessments, suggests methodological convergence, as practitioners increasingly recommend "walking on two legs" when studying poverty (Bautch, 1996b). Despite some innovative examples, however, considerable challenges still remain in satisfactorily linking quantitative income-poverty measurements with qualitative, descriptive perceptions of well-being (IDS/IUED, 1994).

In each community the study combined three identical research tools -- a random sample survey of about 200 households; a subsample survey of 30-40 women selected from the sample survey households to collect in-depth and perception data; and a community survey (see Moser et al., 1996a).

In the field of food security/famine a well-accepted definition of vulnerability is "an aggregate measure, for a given population or region, of the risk of exposure to food insecurity, and the ability of the population to cope with the consequences of the insecurity" (Downing, 1991).

For a detailed review of definitions of vulnerability, see Longhurst (1994, pp. 17–19). In a recent Peruvian panel data set study, vulnerability was defined as "a dynamic concept, generally involving a sequence of events after a macroeconomic shock" (Glewwe and Hurl, 1995, p. 3).

Thus Dreze and Sen define entitlements as "the set of alternative bundles of commodities over which one person can establish ... command." A wage laborer's entitlement is given by "what he can buy with his wages, if he does in fact manage to find employment" (Dreze and Sen, 1989, pp. 9–10).

Swift argues that assets create a buffer between production, exchange and consumption. Production and exchange activities create assets and in case of need, assets can be transformed into production inputs or directly into consumption. Reducing assets increases vulnerability although this may not be visible (Swift, 1989, p. 13).

Productive capital is defined as land, machinery, tools, animals, farm buildings, trees, wells, etc.; non-productive capital as jewelry, dwellings, granaries, some animals, cash, saving; human capital as labor power, education, health; income as crops, livestock, non-farm and non-agricultural activity; and claims as loans, gifts, social contracts and social security (Maxwell and Smith, 1992, p. 16).

This is not meant to suggest that all rural households have access to land as a productive asset. For a comprehensive description of the plight of the rural landless, see Dasgupta (1993).

For instance, social anthropologist Meyer Fortes stated: "For a social system to maintain itself, its two vital resources... are its human capital and its social capital" (Fortes, 1958, p. 1).

Putnam argues that organizational structures, based on horizontal linkages, are more likely to increase the trust and cooperation necessary for the development of "stocks" of social capital, than are those organizations based on vertical hierarchical linkages (Putnam, 1993).

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For more detailed documentation of research findings, see Moser (1996, 1997); Moser and Holland (1997b); Moser and McIlwaine (1997a, 1997b).

To facilitate the reader, the first reference in each section, cites the city name along with that of the community. Further references within each section then simply use the community's name.

The research was undertaken with some 60 researchers in four stages — research, tool development, consultation and follow-up.

1978–92 community level panel trend data were available for Chawama and Cisne Dos; 1988–92 trend data were available for Commonwealth; the lack of trend data for Angyalföld meant that it was excluded from all trend analysis of research results.

Chawama was the only community in which any households had plots used for subsistence production. The data revealed however that the contribution of subsistence food was minimal.

It is important to acknowledge that this densification strategy can cause additional environmental or space problems when it means that more people depend on the same facilities such as sharing latrines.

This result is biased by the unusually large number of retired persons in the sample survey.

Defined as work for cash or kind including market and subsistence production.

Defined as work to maintain and reproduce the labor force including childbearing and domestic tasks. Where detailed time budgets cannot be undertaken, this methodology estimates the average time devoted to a number of different reproductive tasks, excluding childcare — which cannot be included because of the complexity of measuring labor intensity.

Defined as work in the community, to ensure the provision and maintenance of collective resources.
REFERENCES


