

DEVELOPING A STRATEGY

FOR INCORPORATING ACTIVITIES

FOR THE GENERATION OF

INCOME AND EMPLOYMENT

WITHIN

HUMAN SETTLEMENTS PROGRAMMES

**REPORT OF AN EXPERT
GROUP MEETING**





ABOUT
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Notes

1. See Official Records of the General Assembly, Forty-third Session, Supplement No.8, Addendum (A/43/8/Add.1).
2. Report of the Administrative Committee on Co-ordination Task Force on Long-term Development on the work of its fifteenth session, held at New York from 8 to 12 September 1987 (ACC/1987/14), para. 42.
3. Commission on Human Settlements resolution 12/14 of 2 May 1989, para. 1. For the full text of the resolution, see Official Records of the General Assembly, Forty-third Session, Supplement No.8 (A/43/8), annex I.
4. Official Records of the General Assembly, Forty-third Session, Supplement No 8, Addendum (A/43/8/Add.1), para. 89.
5. Official Records of the General Assembly, Forty-third Session, Supplement No.8, Addendum (A/43/8/Add.1), para. 108.



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Chapter I. Introduction

A. Background to the Expert Group Meeting

1. The shortage or non-availability of adequate low-income housing for the rapidly increasing populations of developing countries, escalating unemployment and underemployment and the growing sub-national inequalities in many of those countries call for immediate attention and decisive action by governments and the international community. This situation is especially felt by the low-income sections of society, in particular, the urban poor.

2. Efforts by public authorities to increase the housing stock have not kept pace with the growing need, and attempts by governments to provide minimum standard housing through publicly-subsidized housing programmes have demonstrated that many low-income households are incapable of paying for even the simplest standard house. Although special housing programmes such as sites-and-services and upgrading schemes involving self-help activities by the residents have been more affordable to lower-income households than has conventional public housing, these programmes have rarely reached the poorest sectors of society.

3. The main constraint to delivering housing for the lowest-income groups is their poverty. Their incomes are too meagre or too unstable to permit the commitment of scarce resources to investment in shelter. Poverty is not only a condition of insufficient income but also a function of lack of access to land or security of tenure, to information and to active participation in decision-making processes affecting the lives of low-income people. First and foremost, a strategy for reaching poor people must focus on the generation of income and the creation of employment, to enable them to improve their living conditions in general and their housing in particular.

4. Income is normally generated through employment, although the type of employment varies widely. In terms of creating employment opportunities for the poor, it is recognized that only a small proportion will obtain employment in the public sector or in medium-size and large-scale enterprises, sometimes referred to as the "formal sector". The majority will gain employment and income in what has been described as the "informal sector", in micro-enterprises and small-scale businesses.

5. Experience with cost-recovery and ban-repayment components of housing or human settlements projects indicates that "improved" housing conditions can have serious effects on levels of ban-repayments or rents, making them unaffordable to low-income households who are thus forced out of schemes or left worse off than they were before. Increasing the earnings of low-income families, therefore, becomes essential for any shelter-delivery system to be successful.

6. A housing strategy for reaching the poor must also address construction codes and building standards, so that minimal shelter requirements match the payment capacities of low-income households. An equally important measure is the mobilization of locally-produced building materials, locally-adapted technology and local manpower resources, to lower building costs. Shelter construction through the private informal sector also promises substantial reductions in costs.

7. The construction industry itself offers a great potential for employment and income-generation. It is a relatively labour-intensive industry and strong in its demand for semi-skilled and unskilled labour. Marginal investment costs per person employed in the construction sector are relatively low. Its strong backward links with the building-materials industry create a demand for locally-produced materials, thus creating additional employment opportunities.

8. The provision of basic services also offers opportunities for income-generation as the

public sector can enter into partnerships with the private sector and community organizations to provide services which in many cases have been withdrawn through lack of public funds and public management capacities.

9. Unauthorized low-income settlements, such as squatter areas, and legal low-income settlements, such as slums and sites-and-services schemes, are often characterized by a lack of formal employment opportunities. The generation of employment and the promotion of trading and services activities and of building-materials production and other manufacturing enterprises within such communities will improve the socio-economic situation of residents and support upgrading of shelter and services in the settlements.

10. In the context of developing human settlements, the location of income-generating activities is extremely important. The workplace for these activities is more often than not in or around the house. The combination of living and working place is characteristic of small-scale economic activities. This is particularly true where women, who represent a large proportion of small-scale entrepreneurs, have to combine household work with informal economic activities. Integrating employment-generating activities with shelter development programmes is a promising approach to solving the dual problem of improving both the housing and the economic situation of the poor.

11. The Expert Group Meeting on Developing a Strategy for Incorporating Income - and Employment-generating Activities in Human Settlements Programmes, which was organized and financed by the United Nations Centre for Human Settlements (Habitat), was called to discuss and advise on these issues.



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Chapter I. Introduction

B. Objectives

12. The purpose of the Expert Group Meeting was to develop a strategy for incorporating employment-generating activities in housing projects or human settlements programmes. Emphasis was placed on the promotion of income-generation and employment-creation through the indigenous construction sector and through building-materials production appropriate for low-income housing. Income-generating activities outside the construction sector were also considered along with employment in the provision and maintenance of urban basic services.

13. A secondary objective of the Meeting was to elicit ideas for applied research projects that could be initiated by the Centre, to demonstrate the links between shelter, settlements and economic development.



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Chapter I. Introduction

C. Opening and closure of the Meeting

14. On behalf of the Executive Director of the United Nations Centre for Human Settlements (Habitat), Mr. Don Okpala, Officer- in-Charge of the Shelter and Community Services Section of the Research and Development Division of the Centre, formally opened the Meeting on 13 November 1989. The list of participants is given in annex I and the agenda of the Meeting is in annex II. After having welcomed the participants, he briefed the participants on the Centre. He stressed the importance of the Meeting, especially in support of the Global Strategy for Shelter to the Year 2000 that had been adopted by the General Assembly in December 1988.

[\(1\)](#)

15. Ms. Kirsten Karanfilovic, Human Settlements Officer of the Shelter and Community Services Section then explained the objectives and organization of the Meeting. Messrs. Graham Alder and Peter Ngau were selected as rapporteurs, assisted by Mr. Peter Nientied. Ms. Karanfilovic chaired the Meeting.

16. The Meeting was closed on 17 November 1989 by Ms. Karanfilovic.



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Chapter I. Introduction
D. Proceedings of the Meeting

17. The background paper "Incorporating income-and employment generating activities in human settlements programmes" provided a conceptual framework for the Meeting. The paper and the agenda were structured in the same way, so that each agenda item had a corresponding section in the paper. An introductory discussion evolved around employment, income-generation and human settlements and it was concluded that the links between income and housing formed a crucial element that ought to be taken into account when planning and designing human settlements programmes.

18. The Meeting was structured to enable the Expert Group to discuss the overall theme of employment related to human settlements in three principal sections:

- (a) Employment- and income-generation in the construction and building-materials production sector;
- (b) Promoting employment-creation and income-generation in low-income settlements;
- (c) Employment and labour absorption in the provision and maintenance of urban basic services.

19. The Expert Group discussed the potential and constraints under each topic in plenary and in working groups, the participants contributing their own particular experience and knowledge. This supported discussions on the institutional support mechanisms required to promote income and employment opportunities and measures to ensure their implementation.

20. To stimulate discussions on the topics, site visits were arranged; on the first day to a brick and roof-tile factory in Ruaraka, and on the second day to formal and informal housing areas in Nairobi and its environs: Umoja II, Dandora and Pumwani.

21. Guest lecturers, who also acted as resource persons further contributed to the Meeting, and presented the following papers:

- (a) Steel versus tile roofing-what's appropriate for Kenya?: Peter Coughlin
- (b) Incorporating employment-generating activities in human settlements: Margaret Jobita
- (c) A comparative case study on the role and provision of community services in the low-income settlement areas of Manyatta, Nyalenda/Pandi pieri in Kisumu, Kenya: Margaret Jobita
- (d) Credit schemes for small-scale enterprises development- a look at the Kenyan scene: lessons and challenges: Daudi Waithaka

22. The site visits and guest lectures provided useful exposure to problems experienced in the field and directed discussions towards an understanding of the complexity of reality.



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Chapter I. Introduction

E. Adoption of report

23. The Expert Group adopted the background paper with minor changes and included in its report a methodology for strategy formulation and proposals for further action.



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Chapter I. Introduction

F. The report

24. The report of the Meeting is intended to provide a framework which will enable policy-makers, professionals and practitioners to analyse specific employment and human settlements situations at both the national and local levels, and to develop national and sub-national strategies with the overall objective of promoting employment-creation and income-generation through human settlements programmes.



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Chapter II. Methodology for strategy formulation

A. An enabling strategy

25. The human settlements in which people live and work provide the economic, social and physical contexts which facilitate or impede the ability of people to generate and increase income. The way in which human settlements problems are viewed and the policies and programmes created to tackle perceived problems have changed significantly over the last three decades. The concept of the public sector constructing houses and related services for low-income groups has been overtaken by events as rapidly developing urban areas have far outstripped the financial and administrative capacities of most governments. At the same time, there has been a gradual recognition that the poor have resources of their own in terms of organization and finance.

26. This is beginning to be recognized and government-supported housing programmes are including approaches such as upgrading and sites-and-services which allow greater participation of individuals and the community in the development of their own housing. Official projects, however, provide very little housing compared with the total need: estimates of between 5 and 10 per cent are common. The vast majority of housing in third world countries is built and financed outside the public sector through the self-help efforts of low-income groups. The resulting spontaneous settlements, with all their "informal" economic activities, demonstrate clearly that the priorities of residents are for an income first and improved shelter second.

27. It is in recognition of this situation that the United Nations endorsed the Global Strategy for Shelter to the Year 2000 which seeks to articulate a broad strategic approach to assist governments to adopt an "enabling" role in the development of human settlements.

"There are indications that many governments are now moving towards an enabling strategy to mobilize resources and apply entrepreneurial skills for increased housing and infrastructure production, by establishing legislative, institutional and financial frameworks that will enable the formal and informal business sectors, non-governmental organizations and community groups to make optimal contributions to development ... A comprehensive approach to human settlements development ... can thus achieve economic adjustment with social justice."⁽²⁾

28. Implicit in this recognition of the role of human settlements is the fact that housing should be regarded as economically productive. Investment in infrastructure and construction for commercial, industrial and administrative purposes has long been considered a precondition for industrial and commercial development. Housing has usually been considered purely consumptive, and, as a result, housing policies have typically been formulated from a social welfare perspective. The potential of housing investment as a generator of economic growth is being increasingly recognized. The provision of improved housing can also raise the productivity of the poor through providing space for income-generating activities and in improving health.

29. Housing construction for low-income groups has the potential to be highly labour-intensive. It can provide income and employment during the construction process if members of a community are employed to undertake construction tasks. This is more feasible if the housing design facilitates the use of relatively simple technologies and skills, e.g., single-storey buildings. Encouraging the use of self-help construction can enable individuals to learn construction skills which give them access to further employment.

30. The use of simple, as opposed to industrialized technologies, also leads to a demand for indigenous materials and components which creates employment through backward links and for

continuing goods and services leading to forward links.



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Chapter II. Methodology for strategy formulation

B. Strategy framework

31. Although the overall objectives would be the same, each country will have different resources and constraints which must be taken into account if strategies of support are to be effective.

32. The Expert Group therefore attempted to develop a methodology which could be used to formulate national and sub- national strategies with the overall objective of supporting the income-and employment-generation potential of low-income communities through human settlements programmes. To attain this objective the Expert Group was of the view that:

- (a) Strategies should aim at increasing the options for communities and families to acquire a higher and more stable income by promoting a sustainable improvement of economic productivity,
- (b) Possible constraints to successful implementation of programmes at both the micro level (the community) and at the macro level (regional and national) should be considered;
- (c) The forward and backward links of possible activities should be considered and the social and economic costs and benefits for communities and sections of those communities and for the populations of human settlements in general should be taken into consideration.



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Chapter II. Methodology for strategy formulation

C. Proposed methodology

33. The methodology is intended to provide a framework which will enable the major actors at the national and local levels to analyse the employment and human settlements situation in their own countries and to develop specific strategies to address that situation. The methodology is based on an examination of three main areas and on an analysis of the regulatory framework. These areas comply with those in the background paper. They are:

- (a) Construction and building-materials production;
- (b) The provision and maintenance of urban basic services;
- (c) Income-generating activities within human settlements.

34. The methodology is to be used to define the nature of the problem at both the macro (policy) level and at the micro (community and household) level. It is a tool which is based on experience gathered globally but it is designed to enable the particular situation in a specific country to be analysed so that strategies which are appropriate to each situation will be chosen.

35. At the macro and micro levels: (a) an assessment would be made of the available resources, i.e., the positive aspects already existing; (b) the bottle-necks or constraints prohibiting progress would be identified; and (c) strategic responses suitable for meeting these constraints, using the available resources, would be selected.

Methodology for strategy formulation

Links	Macro level (policy environment) focus	Micro level (community and household) focus
(a) Resource assessment	Assess	Assess
(b) Constraints	Identify	Identify
(c) Options/measures	Select	Select

36. The application of the methodology to provide a strategy framework should be seen as part of a process which will move through several stages as it focuses on specific actions for implementation (see annex III). The process is intended to encourage various governmental and non-governmental agencies and organizations to work together to identify resources and constraints, to agree on strategies and the support required to implement them. The background paper, which has been developed into a draft report for publication, provides concrete experiences which illustrate the various components.

37. Participants in the exercise would be national and local government officials, professionals in the human settlements field, practitioners, non-governmental organizations and citizens representatives.

38. It is emphasized that participants in such an exercise would be exploring options-there is no set formula for encouraging income-and employment-generation. However, experience has shown that for programmes to be successful an integrated approach must be used. For example, initiatives in the construction sector are unlikely to be fruitful unless technology levels, skill formation and local organization are tackled together (see annex IV which provides an example of how the methodology would be applied to the construction and building-materials production sector).



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Chapter III. Proposals for further action

39. The Expert Group was convinced that the perspectives opened up by the Meeting introduced an important element into the planning and implementation of human settlements programmes and that agencies engaged in developing human settlements have an important role to play in fostering the generation of income and employment.

40. The Expert Group made recommendations regarding the action to be taken or supported by the United Nations and other development agencies to reach the overall objective of incorporating employment opportunities and income-generating activities in human settlements programmes. The following items for suggested action provide an outline for a process leading from regional and national discussions - using the strategy identification methodology -to action research through selected programmes, particularly at the country level.

41. Using the strategy identification methodology will enable governments and other agencies to gain a closer understanding of their own particular situation and to discuss a response. It will also enable national strategies to be developed. Naturally, agencies and institutions besides the United Nations Centre for Human Settlements (Habitat) will be able to utilize the approach.



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Chapter III. Proposals for further action
A. Development of regional and national strategies

42. The methodology developed can be used at national and local levels to develop appropriate strategies for particular situations and to identify measures for implementation. The use of the methodology could be disseminated and facilitated through:

- (a) The organization of regional meetings which would use the methodology to make the issues more widely known, to disseminate the method of analysis used and to help specific countries make preliminary assessments of strategies appropriate to their needs;
- (b) The organization of national workshops to prepare national and sub-national strategies. These could involve senior policy-makers for a short period as well as professionals and practitioners to detail strategies. The workshops would initiate a process, beginning with the assessments made and strategies outlined at the national workshops, continuing through more detailed programme planning, adaptation of the policy framework (for example, revising impeding regulations), incorporation of genuine community participation, training at a number of levels, and implementation in specific locations.



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Chapter III. Proposals for further action

B. Action research through demonstration projects

43. The promotion of action research in specific countries is linked to the development of strategies. Specific areas for research might include:

- (a) The development of a model methodology for programme implementation which manages limited resources in the most efficient manner through establishing collaboration between local government, communities and other institutions. Research of this kind would assist in developing the methodology proposed, for example, by developing tools to carry out resource assessments;
- (b) One important focus would be institutional aspects of policy and programme development so that the institutional framework would underpin sustainable initiatives in integrating employment-generating activities with human settlements development;
- (c) The research would be carried out through projects undertaken through collaboration between the Research and Development and the Technical Co-operation Divisions of the United Nations Centre for Human Settlements (Habitat);
- (d) As a preliminary step, the Centre would develop criteria for identifying countries where conditions are favourable for the discussion and introduction of this approach.



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Chapter III. Proposals for further action
C. Research, case studies and documentation

44. The United Nations Centre for Human Settlements (Habitat) could act as the international focal point for agencies and institutions undertaking research and publishing findings. This would also involve preparing and disseminating information in various forms including bibliographies, case studies and research abstracts. The Centre could also undertake and support research work. The Expert Group recommended that the development of research priorities be based on the action research phase described above. Commonalities can be identified which would be suitable for further research as the results would have global implications. Some areas which might be addressed include the following:

- (a) Regulatory frameworks which inhibit income-and employment-generation. Comparative research will be the most productive. For example, Colombia, Malaysia and the Philippines have each taken positive steps to change regulatory frameworks;
- (b) Exploration of programmes which attempt to forge links between human settlements development and employment, for example the incremental "step-up" programme in Madhya Pradesh, India;
- (c) The limitations and potentials of building centres, like those being developed in India, to promote local building materials and techniques and to undertake skill training;
- (d) The compilation of a bibliography on women and the workplace, focusing on housing aspects;
- (e) The compilation of documentation and bibliographical material on experiences of integrated housing and income-generation projects;
- (f) The appropriateness of technology in generating income. Experience shows that producers of building materials are vulnerable if they produce only one product or material, especially if it is innovative. Research might be carried out into products and producers in terms of links in marketing techniques and in production techniques, equipment and skills;
- (g) Development of general guidelines on business management advice to two types of small-scale producers: those whose activities are intended to continue indefinitely and those whose involvement will end when construction is completed;
- (h) The most appropriate way to develop skills for construction of low-income housing, for example, through formal courses at conventional institutions or "on-the-job" training. This can be investigated through comparative studies;
- (i) There is often an assumption that any form of employment is better than none. However, the qualitative aspects are very important, such as the advisability of promoting manual labour which may be damaging to health, menial and repetitive. This concern should be considered in research activities.



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Chapter III. Proposals for further action

D. Training

45. In the development of training modules as part of programmes resulting from the implementation of national or sub-national strategies two areas suggested were: (a) women, employment and human settlements; and (b) the relationship between income and housing.

46. Training activities could also be held as appropriate in support of national programmes. For example, training may be required to reorient professionals and practitioners into new approaches designed to stimulate employment-and income-generation as proposed in the background paper.



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Chapter III. Proposals for further action

E. Co-ordination

47. The United Nations Centre for Human Settlements (Habitat) might also make an assessment of the mandates and capacities of various agencies which are able to play a role in supporting the activities suggested above.



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Chapter IV. Proposed strategic responses

A. Construction and building-materials production sector

48. There are a number of strategic responses which could be made in order to increase the income and employment opportunities in the construction and building-materials production sector. The experts proposed the following.



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Chapter IV. Proposed strategic responses

A. Construction and building-materials production sector

1. Promoting the use of local building materials

49. Governments should adopt specific policy measures which favour the use of locally-manufactured building materials. Such measures would include removing tax exemptions and other preferential measures which result in materials with a high import content having price and other advantages over locally-produced equivalents. This need not imply over-protection but can provide these industries with a climate which allows them to develop and expand.



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Chapter IV. Proposed strategic responses

A. Construction and building-materials production sector

2. Introducing measures to shift demand towards local building materials

50. Such measures would include the reduction of the price of locally-produced materials. Methods used to do this would vary from country to country depending on the type of fiscal policies adopted and the degree of change required.

51. In addition, governments and all official bodies should promote the use of locally-produced materials by using only local materials in official projects such as public buildings. Other measures to encourage their use would include educational promotion through the media and local meetings.

52. Building bye-laws and regulations should be modified so that they are based on technical performance specifications which can be met by locally-produced materials.

53. Incentives should include credit schemes to purchasers of locally-produced building materials.



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Chapter IV. Proposed strategic responses

A. Construction and building-materials production sector

3. Measures to increase the supply of local building materials

54. Incentives should be provided to research institutes to undertake research on local building materials, to develop appropriate technologies, to disseminate their findings and technical expertise, and to train artisans in the production of materials.

55. Encouragement should be given to develop a large number of small-scale local enterprises conveniently located for customers who wish to make frequent purchases of small amounts of locally- produced building materials.

56. Small factories using locally-made machinery and equipment and simple labour-intensive technology should be encouraged.

57. Incentives should be provided in the form of credit schemes and marketing assistance to local building-materials production enterprises. These should be accompanied by training programmes in technical skills, financial and business management.

58. Standard specifications and simple guidelines should be made available to manufacturers to ensure that quality as well as supply is reliable.

59. There is a need for controlled legal but easy access to raw materials such as stone, appropriate soils and timber, among others, to enable small-scale operators to benefit.



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Chapter IV. Proposed strategic responses

A. Construction and building-materials production sector

4. Supporting small-scale contractors

60. Incentives should be provided to encourage all types of contractors to use labour-intensive techniques. This will mean realistic minimum-wage policies in line with prices and productivity, and higher duties and taxes on imported materials and equipment.

61. As most potential employment for small-scale contractors is in the self-help housing sector where their traditional strengths lie, it will be important to ensure that support measures reinforce these strengths. This means strategies which encourage neighbourhood contractors to improve their building skills to ensure that clients get quality work. Skills training should be provided locally and as far as possible on-the-job through the use of experienced local artisans and craftsmen.

62. Construction co-operatives should be encouraged as a means of offering employment opportunities, particularly to women and youth. They will require assistance with the development of both technical and management skills but the co-operative movement presents an excellent framework for providing these skills and giving the organizations the legitimacy and support they require to develop.

63. Incentives for the establishment of new construction enterprises and the growth of existing ones should be provided through credit and loan schemes. It is important that these are accompanied by training programmes designed to improve business and financial management skills.

64. The sector would benefit greatly if public bodies were to adopt a policy of using small-scale local contractors wherever possible for small works contracts. This would be done by giving a higher weighting to labour-intensive methods in the selection process and by adapting conventional contracting procedures. Technical assistance to construction enterprises and co-operatives should focus on the development of contract management skills. Public bodies would also benefit if they assisted small-scale contractors to gain experience through sympathetic and careful supervision.



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Chapter IV. Proposed strategic responses

B. Provision and maintenance of urban basic services

65. There are already considerable forces which favour labour-intensive methods in the provision of urban services. The problem is managing labour resources efficiently. There is no one path to follow, each country has its own conditions which influence what can be achieved. The suggestions outlined below are based on the achievement of increased income-generation, cost effectiveness and efficiency through sharing the responsibility for urban services.



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Chapter IV. Proposed strategic responses

B. Provision and maintenance of urban basic services

1. Encouraging public authorities to use labour-intensive methods

66. Employment-generation should be a major factor in the choice of the most appropriate and cost-effective method of constructing and maintaining urban services. When local authorities use direct labour it should be managed efficiently otherwise there will be more pressure to substitute capital for labour.



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B. Provision and maintenance of urban basic services

2. Encouraging private and community sectors to share responsibility for urban services

67. In the upgrading and extension of existing services or the installation of new services, the potential for dividing responsibility should be considered at the design stage. The public sector would make it clear at that stage that it will provide "off-site" services sufficient to meet the demand from each neighbourhood for a certain cost. The neighbourhood community, individual entrepreneurs and private organizations, whichever is appropriate in a given situation, would take up the responsibility to provide and maintain the "on-site" services.

68. Such private-sector initiatives would be supported by the local authority which would charge for the provision of the "off- site" service. For example, the extension of neighbourhood roads might be undertaken and paid for by the community with enterprises situated adjacent to roads paying a premium.

69. Refuse can be dealt with in a similar manner with local private organizations being responsible for collecting refuse from houses or blocks, sorting and dumping. The local authority would transport refuse from the dump site and be responsible for sanitary landfill. This reduces the public sector's responsibilities to manageable proportions and direct-labour forces can continue to be employed more efficiently with no loss of jobs.

70. Particular attention should be given to the labour potential of women and youth in this respect. The local authority might support such groups by entering into contracts with them for the performance of a particular service.



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B. Provision and maintenance of urban basic services

3. Supporting the recycling of refuse

71. Local authorities should recognize the contribution made by collectors of waste products and support this income-generating activity by:

- (a) Providing well-located and appropriately-designed disposal sites, recycling centres and well-organized sanitary landfill;
- (b) Persuading the public to separate refuse in such a way that it can be easily collected and handled;
- (c) Ensuring adequate transport facilities for refuse collection and the sale of recovered products;
- (d) Providing scavenger cooperatives with land, water and electricity for cleaning and recycling purposes, and with equipment for manufacturing new products, such as sandals, mops, lamps, suitcases and boxes, toys and mattresses;
- (e) Developing machinery and technology for processing waste products, for example, for making bones into chicken and pig feed, and scrap metal into bicycle and vehicle spare parts;
- (f) Providing skills training for scavengers to enable them to make better use of scrap material and training them in business practices.



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Chapter IV. Proposed strategic responses

C. Local employment in low-income settlements

72. If employment-and income-generation are to be promoted in human settlements, strategies must be adopted which will include the following.



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C. Local employment in low-income settlements

1. Encouraging a rural-urban balance and self-sustaining neighbourhoods

73. A major component of a strategy to support small-scale enterprise development must be to ensure the growth of dynamic economies in small urban centres. This can best be done in most third world countries by exploiting the relationship between rural and urban areas since the most dynamic urban centres are those which are close to rapidly developing agricultural areas for which they provide services, processing of agricultural produce and marketing facilities.

74. Strategies are required which focus on the improvement of agricultural productivity and thereby rural incomes in conjunction with improving the capability of the urban areas to act as service centres to their rural hinterlands. Improved rural incomes will increase the demand for consumer goods provided by the urban sector. Thriving urban economies will provide the essential stimulus for the growth of small-scale manufacturing, commerce and other services.

75. Self-sustaining neighbourhoods, in which people both live and work, can help to promote a balance between supply and demand which will ensure that competition is kept within acceptable levels and that more enterprises can thrive. A mix of activities also provides a more stimulating economy in which small-scale enterprises can flourish.



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2. Encouraging income-generating opportunities through the upgrading of self-help housing

76. This strategy is based on the recognition that self-help housing development is the main way that most people will be housed whether through the development of semi-legal subdivisions or by squatting. This development runs through a number of stages from the first tentative attempt to provide shelter and enter the urban economy through to full consolidation as an essential part of that economy. Assisting with this consolidation process and helping neighbourhoods through the transition will be an essential role for planners and local authorities.

77. The strategy sees upgrading programmes as a tool to promoting social and economic development. The planning of future projects should not be restricted to physical and land-tenure aspects but should also stimulate income-generating activities.

78. If looked at in this way, "upgrading" becomes more than simply the provision of shelter and services. It becomes a response to the social and economic needs of the community at a particular point in time. It is therefore essential that the response is based on an understanding of local needs and that all factors, such as the location, age and stage of consolidation of the settlement, which might have a bearing on the most appropriate response to be made, are taken into consideration. Only in this way will it be possible to establish the key inputs which will have the effect of improving the economic circumstances of residents.

79. Intervention in the form of credit, marketing, training and assistance to increase the productivity of existing enterprises, or the development of new ones, should be linked to programmes of assistance in acquiring land and extending infrastructural services. Where improvements to services and land regularization are likely to disrupt the operation of existing enterprises, proposals for supporting these enterprises should be made at the planning stage.



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3. Encouraging income-generating opportunities in new housing development

80. The aim is to encourage the development of self-sustaining neighbourhoods with provision for all types of manufacturing, services and commerce to flourish. To do this a range of plot sizes should be provided. The targeting of specific income groups should be substituted by an approach which recognizes that areas grow and change according to the income-earning capacity of the residents. Land should therefore be sub-divided and provided with minimal but upgradeable services to enable extension by individuals in response to the requirements of their businesses and their ability to pay.

81. Land should be made available at suitable locations within housing areas for the development of enterprises that are too large or in some other way unsuitable to be accommodated on the plot or in the house. This can be a problem where the area is in private ownership but formal sub-division plans should take account of the need for adjustments to informal layouts to be made to provide sites for income-generating activities as well as community activities.

82. Measures should be established to ensure that land and services are made available to those who are best able to exploit them for employment-generation. At the same time, there should not be too serious restrictions on the type of structures to be built on these plots. Temporary structures should be allowed with renewable licences, if necessary. Successful entrepreneurs will improve their working conditions in line with their requirements and ability to afford the improvements.

83. Sites should be set aside for economic activities for women's groups, co-operatives and youth groups and also for training centres in the same way as sites are set aside for churches, clinics and primary schools.



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4. Designing housing units to allow for the development of home-based economic activities

84. Security of tenure is important in stimulating investment in a business but it is not essential. Private-sector rental housing often allows more freedom for the development of income-generating activities than public rental housing.

85. Housing units provided either by the public or the private sector, or built by self-help, should be designed in such a way as to be able to be used to accommodate income-generating activities. This means that designs which allow for the multiple use of space and for opportunities for occupiers to adapt and extend them should be provided and not discouraged by lease or tenancy agreements.



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5. Replacing regulatory physical planning approaches by approaches which are responsive and developmental

86. Public authorities should provide a supportive policy environment to small-scale business development and appropriate physical infrastructure. The control of development should be based on allowing reasonable autonomy to the private sector for the development and the promotion of individual economic initiative.

87. Residential development can then take place within the framework of a public/private partnership in which planning control is replaced by a dialogue based on mutual responsibility for future development. Planners should anticipate the emergence of income-generating activities in residential areas and see their own role as promoting rather than constraining those activities.

88. Such an approach is promotional rather than restrictive and will involve a considerable change in attitude among planning authorities and implementors whose conventional role has been regulatory. The re-orientation not only of professional planners but all who have a decision-making role in the planning process will be required through training programmes based on field experience.



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6. Adapting bye-laws and regulations to permit and encourage mixed development

89. Planning legislation and zoning regulations, land-use regulations and local authority bye-laws should be reviewed and adapted in line with the developmental approach described above. Occupancy, lease or tenancy agreements which prohibit the sub-letting or use of residential units for income-generating activities should also be reviewed.



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7. Encouraging the community to have more control at the neighbourhood level

90. These approaches imply that individuals and the neighbourhood community will have more control over their environment than do the local authorities. This is a deliberate strategy because it is more likely that people will be employed in the development of their immediate neighbourhood if they consider it to be their responsibility.

91. The community has the potential to be a more effective watch-dog against environmental pollution by local enterprises than the public authorities. The community can also be responsible for the provision and maintenance of infrastructural services which serve the immediate neighbourhood.



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Chapter V. Institutional support

92. The Expert Group identified institutional aspects of implementing the proposed strategies for integrating income- generating activities in human settlements programmes. The proposals are not inclusive but provide the basis of options to be considered within specific contexts.

93. The support involves a variety of institutional actors including national and local governments, international development agencies, a range of non-governmental organizations and the private commercial and community sectors. The precise institutional patterns will vary from country to country depending on specific cultural, political, social and economic situations.

94. These sectors must collaborate through partnership as reaffirmed by the Commission on Human Settlements at its twelfth session in 1989.⁽³⁾ The roles and responsibilities of the various partners have to be assessed and negotiated at the national and local levels. The regulatory framework is, however, intimately connected to the responsibilities of the public sector.



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Chapter V. Institutional support

A. The regulatory framework

95. Evidence suggests that cities in the third world have, in general, done reasonably well in creating jobs for their ever-increasing populations. A principal reason for this is that informal self-help housing, which is the major form of development in all such cities, offers many opportunities for all types of income-generating activities to flourish, mainly because it is not regulated.

96. It is tempting to suggest that simply leaving this type of development to take care of itself would be the best way to support income-and employment-generation. However, official bodies can do more than merely recognize the existence of such urbanization processes. They could assist and promote them by acting to remove or modify barriers to their development and to the growth of urban employment and productivity.

97. The regulatory framework which encompasses land-use planning, lay-out design, building regulations, and trade and manufacturing regulations can constitute such a barrier. Planning regulations directly affect income-generation as they constrain the development of economic activities in residential areas. Building regulations can also inhibit the introduction of innovative technologies relating, for example, to the use of new types of building materials. Many countries have begun to review their building codes but few have begun to address the subject of regulations which prohibit the use of residential areas for income-generating activities.

98. In examining the regulatory framework in which they operate, governments and local authorities should take into account not only the regulations themselves but also their interpretation and application. Reviews of regulations should be placed within the context of broader considerations of health and safety for households, the community and society and the environment at large. Economic and social costs and benefits will have to be assessed to ascertain the most appropriate balance, but in many instances a relaxation of regulations may provide substantial benefits to low-income communities.

99. It is essential that at the local level, communities are involved fully in activities leading towards the revision of regulations so that they accord with actual experience and can be accurately targeted. Experience indicates that there is considerable inertia to be overcome in changing regulatory frameworks and that the process often begins in an ad hoc way with the introduction of "exemptions".



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Chapter V. Institutional support

B. Construction and building-materials production

100. The small-scale construction and building-materials production sectors offer many opportunities for the development of employment both in terms of increasing the numbers and productivity of existing enterprises and of establishing new ones. The major markets for these enterprises are the low-income settlements and, as demonstrated in Sri Lanka, support to the development of self-help housing by low-income groups is an effective method of providing more employment in the sector.

101. At the same time, these small-scale contractors or construction co-operatives and building-materials producers require support and assistance to improve their organizational, managerial and technical skills to enable them to provide better services and products, and to expand. They need initial capital to start and working capital to enable them to overcome cash flow problems. They also need training in financial management and better access to building components and raw materials. In addition, all types of contractors should be encouraged to use labour-intensive rather than capital-intensive methods.

102. Support is also required to create large-scale markets for building components which are manufactured from local raw materials using labour-intensive methods. This will mean government intervention to remove measures which favour imported materials and equipment. It will also mean support to small-scale entrepreneurs to enable them to set up or expand materials manufacturing enterprises to ensure that supply, both in terms of quality and quantity, is able to meet the demand.

103. Such support should include a mix of measures. On the demand side, these would include support to the marketing of such materials, including their use in public buildings, a fair pricing system and the appropriate modification of building regulations to encourage their use. On the supply side, these include technical assistance with materials development and quality control, training in management, access to credit and space in which to operate, conveniently located for potential customers.



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Chapter V. Institutional support

B. Construction and building-materials production

I. The role of government

104. The main role of government at the national level is to provide a policy and planning framework. It is of vital importance that specific follow-up action is consistent with the policy. It should focus on:

- (a) Clearly supporting the role of small-scale enterprises in the construction sector;
- (b) Reducing or withdrawing preferences to medium-and large-scale enterprises with respect to duties on imported equipment and materials;
- (c) Providing for the revision of building bye-laws and planning regulations;
- (d) Favouring the use of labour-intensive methods in public works contracts;
- (e) Supporting systematic research and development into materials and building technologies to take into account local social, economic and technical conditions;
- (f) Providing an appropriate legal and regulatory framework of support to construction co-operatives and to organizations, both governmental and non-governmental, with the resources to provide them with technical assistance.



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B. Construction and building-materials production

2. The role of local authorities

105. The principal role of local authorities will be to create a climate of support for the use of small-scale contractors and locally-manufactured building materials by:

- (a) Introducing appropriate building regulations and bye-laws;
- (b) Introducing licensing requirements which support the use of local supplies of raw materials;
- (c) Adapting contracting and selection procedures so that small contractors using labour-intensive methods are not excluded from bidding for local contracts;
- (d) Adopting a deliberate policy to use local contractors and locally-manufactured building components for the construction of public buildings.



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B. Construction and building-materials production

3. The role of non-governmental organizations and business advisory services

106. The role of non-governmental organizations and business advisory services will vary considerably depending on the type of organization and the way it is deployed. Broadly their strengths lie in being able to work closely with individual groups at the local level and their role will therefore include:

- (a) Supporting small-scale entrepreneurs, co-operatives and other organizations to establish and develop businesses which undertake construction and manufacture of building materials and components;
- (b) Assisting with identifying markets and encouraging the public and official bodies to use locally-manufactured products;
- (c) Developing training programmes in technical skills and in business and financial management. Local organizations working in human settlements will have the ability to reach groups such as unskilled workers and women, who cannot participate in traditional full-time programmes, and they should adapt training methods to suit the needs of such groups;
- (d) Identifying the need for credit programmes and potential sources of credit. Local knowledge will be essential to identify the most appropriate method of extending credit to small-scale building contractors and building-materials producers and ensuring that it reaches those who are in most need of it.



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B. Construction and building-materials production

4. The role of the private sector

107. The private sector also has a role to play through representative organizations such as trade and professional associations. These normally represent the medium-and large-scale enterprises but they can also help in:

- (a) Establishing programmes to assist the emergence of trade associations representing the small-scale sector;
- (b) Educating their members in the use of locally-made materials and appropriate technology;
- (c) Adapting contracts and contracting procedures so that small-scale contractors are encouraged to bid for work contracts and labour-intensive construction methods are given priority.



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C. Provision and maintenance of urban basic services

108. The rapid expansion of urban populations and the inability of public bodies to manage the provision and maintenance of urban services have led to a number of different methods being considered for the delivery of urban services. These mainly involve some form of sharing of responsibility for service delivery between the public and private sectors. The proposed strategy is concerned to ensure that whatever form of shared responsibility is chosen, the dual goal of improving efficiency in the provision of urban services and of generating employment through the use of labour-intensive methods is achieved.

109. The basic strategy should be to support private and community enterprises to undertake the provision and maintenance of as much of each service as possible within a strategic planning framework provided by the public sector. In the case of some services such as access roads or water supply, the public sector would provide and maintain "off-site" infrastructural services while the private and community sectors would be responsible for the extension and maintenance of services within the immediate neighbourhood.

110. In most urban areas residents have already demonstrated a willingness to provide themselves with services and to organize themselves in one way or another to do so. What is needed is positive support from the public sector. This will initially involve a re-definition of roles. The local authorities should see themselves as enablers rather than implementors and residents should expect to have to contribute directly to providing themselves with services as well as housing.



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Chapter V. Institutional support

C. Provision and maintenance of urban basic services

1. The role of government

111. Support from government should concentrate on guiding and defining collaboration through:

- (a) Reallocating responsibilities and redefining the traditional role of existing agencies. This does not mean a diminished role for public-sector agencies but increased public-sector participation, particularly in terms of strategic planning, supervision and financial accountability;
- (b) Decentralization of decision-making to ensure close interaction with local communities.



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C. Provision and maintenance of urban basic services

2. The role of local authorities

112. In the public sector the major actor will be the local authority or other designated local service agency which will prepare strategic plans for the provision and maintenance of existing services, and for the extension of new services, in collaboration with private- and community-sector organizations. In practical terms this will mean that planning should be a joint activity undertaken by service-agency personnel and representatives of private-sector organizations interested in undertaking service delivery. The local public-sector agency might undertake to:

- (a) Provide appropriate design standards for infrastructure which will enable labour-intensive methods to be used not only in construction but in regular maintenance. For example, road networks should be designed to enable the construction and maintenance of neighbourhood access roads by the private or community sector using labour-intensive methods;
- (b) Design appropriate and affordable sewage-disposal systems which can be constructed and maintained by the private and community sectors;
- (c) Supply water to bulk meters in each neighbourhood, and approve extensions which can be undertaken by individuals or local organizations;
- (d) Provide efficient refuse-collection services from designated locations in each neighbourhood and maintain sanitary landfill sites;
- (e) Support the recycling of as many waste products as possible and allow them to be sorted and recycled by private or community groups under contract with the local authority.



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3. The roles of private and community sectors

113. The private and community sectors have very clear roles to play in servicing the local community. This can either be undertaken by enterprises or individuals on a profit-making basis or by co-operatives as a service for which they charge. The most important aspect is that the activity should be labour-intensive and generate income for as many unskilled people as possible.



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Chapter V. Institutional support
D. Local employment in human settlements

114. The complexity of income-generating enterprises in human settlements has defied attempts to give them a single description as they include petty traders, providers of services, manufacturers of products and so on. Many are operating legally, some are not. For some it is a relatively profitable occupation, for many it is a last resort to overcome poverty.

115. The small-scale enterprise sector has been receiving attention for many years although programmes of support have not always been conspicuously successful. In many cases national policy supports the sector while local government continues to try to suppress it. Negative actions on the part of local authorities are based ultimately on redundant approaches to physical planning and zoning regulations. Even when the attitude of government is positive, the implementation of upgrading and sites-and-services programmes is often insensitive to the need to ensure that people are able to make a livelihood before anything else.

116. Approaches are required which recognize the role of human settlements in establishing and sustaining a family's access to income. Programmes of support to the development of settlements through self-help will only be effective if they incorporate support to the development of local economic enterprises. This means that approaches to planning must be responsive and developmental rather than regulatory.



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Chapter V. Institutional support
D. Local employment in human settlements
I. The role of government

117. Support from government should concentrate on the provision of a clear policy framework to provide an environment in which the small-scale enterprise sector can flourish. The policy will include the active promotion of the sector through the encouragement of enabling strategies which support the development of small-scale enterprises. It will also include a recognition that housing is a productive sector of the economy and policies to support it should include:

- (a) Special policies which encourage the development of urban service centres on a national scale and self-sustaining mixed-use neighbourhoods at the city level;
- (b) More emphasis should be given to the small-scale sector and to the development of appropriate strategies to provide managerial, technical and financial assistance by such institutions as industrial development banks, trade promotion bodies, and business advisory services;
- (c) Government will review industrial policy so that large and small businesses are treated with equal preference, i.e., that large businesses do not receive preferential treatment and that the special needs of small businesses receive attention;
- (d) Land policies will favour the allocation of land in urban areas to productive small-scale enterprises and organizations concerned with the provision of training to such enterprises.



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D. Local employment in human settlements
2. The role of local authorities

118. Local authorities can play a major role by creating a climate of support which is based on the promotion rather than the regulation of the sector. In order to do this, it will be necessary for local authorities to prepare small-scale enterprise support strategies which are appropriate to their specific circumstances. Such an approach will encourage local authorities to examine the particular requirements of the sector in their own town and to develop strategies to respond to it. This should be done in close consultation with representatives of local small-scale enterprises.

119. The following measures might be required to implement the strategies proposed:

- (a) Revision and modification of all regulations and local bye-laws which inhibit the development of small-scale enterprises in housing areas. Licensing of businesses will be permissive rather than restrictive;
- (b) Provision of sufficient space for income-generating activities in and around housing units either directly through land-allocation strategies or indirectly by granting permits for suitably-located land;
- (c) Permitting housing units to be used for income-generating activities;
- (d) Ensuring that in human settlements upgrading projects, existing small-scale businesses are respected and space and services are provided to encourage their expansion, and that support is given to the development of new enterprises.



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D. Local employment in human settlements

3. The role of community-based organizations

120. The role of community-based organizations will be to assist in the implementation of local authority strategies. Many local authorities do not have the resources necessary to undertake the day-to-day implementation by themselves but can provide the support and direction to community-based organizations with the flexibility and resources to undertake the job. Specifically they would:

- (a) Develop methodologies for supporting sustainable programmes of small-scale income-generation in human settlements;
- (b) Assist in the development of savings and credit programmes which build on indigenous cultural patterns and forms of association to overcome the lack of conventional securities;
- (c) Provide managerial and technical assistance to small-scale enterprises in terms of advice in marketing, product development and training in technical skills and business management;
- (d) Encourage the development of neighbourhood associations of entrepreneurs to represent the sector to public bodies, facilitate the establishment of credit schemes, provide opportunities for joint marketing and channelling technical support.



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D. Local employment in human settlements

4. The role of the private sector

121. The private sector inevitably includes the small-scale entrepreneurs themselves. However, medium-and large-scale industries and professional bodies can provide support if they recognize and accept the role of the small-scale sector. This support can include:

- (a) Purchasing building components and other items from and sub-contracting jobs to small-scale enterprises. This might extend to larger firms providing technical and financial assistance to their component suppliers;
- (b) Supporting training schemes to develop the small-scale sector.



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Chapter V. Institutional support
E. Overcoming institutional constraints

122. Institutional bottle-necks are, in many cases, a significant constraint to the implementation of the enabling approach suggested here and proposed in the Global Strategy for Shelter. Having a clear and well-defined strategy is not necessarily sufficient to ensure the right kind of institutional support. Changes in attitudes are required and this is very much more difficult to bring about. A further problem is that implementation requires numerous and diverse agencies and individuals to adopt wholeheartedly the same supportive approach, and to co-operate in its implementation.

123. It is very common for supportive policies not to be implemented at the local level. A major reason for this is the attitude of local administrators charged with implementation. There is a reluctance among administrators to forgo standards and to relinquish their conventional regulatory role. They have not previously been expected to perform a catalytic role in support of local economic development and are likely to find it difficult to change their approach.

124. At the same time, communities rarely take it upon themselves to demand support and to identify ways of obtaining it. Community-initiated efforts to overcome constraints such as access to land, infrastructure and credit, are usually on a small scale and experimental. Few have ever been adopted on a large scale or as a general policy.

125. To change this situation will take time. It will be necessary for politicians, professionals, technicians and administrators, in both the public sector and the private sector, and at every level, to re-think their roles. This will not be an easy task. Many of the administrators and civil servants now in positions of responsibility were educated at a time when government's role was regulatory rather than enabling. They continue to perform essentially the same role, so programmes will therefore be required to assist them to understand the implications of current realities and their potential contribution in responding to them.

126. The Global Strategy for Shelter states that:

"The bulk of new shelter demand between now and the end of the century, will be in the urban settlements of the developing countries. In addition to this, these cities will need to manage the regularization and improvement of large informally-built settlements. This is a tremendous challenge and at the same time, a tremendous opportunity. The processes will be largely guided by urban and transport development which will need to be the highest priority on the agenda of urban managers."⁽⁴⁾

127. Equally, if not more important, than these priorities, is the development of programmes aimed at improving the income-earning capacity of the urban poor combined with measures to increase their opportunities for economic activity.



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**Developing a strategy for incorporating activities for the
generation of income and employment within human
settlements programmes**
**Report of an Expert Group Meeting, Nairobi, 13 -17 November
1989**



Annex II. Agenda

Monday 13 November 1989	8:30	Registration of participants
	9:00	Opening of meeting: Mr. Don Okpala Objectives and organization of the meeting: Ms. Kirsten Karanfilovic Introduction - Section 1
	10:00	Tea/coffee break
	10:30	Discussion - Section 2: Employment- and income-generation in the construction and building- materials production sector
	13:00	Lunch
	14:00	Visit to roof-tile factory in Ruaraka Guest lecture on tile versus steel roofing: Mr. Peter Coughlin Discussion of site visit and guest lecture
Tuesday 14 November 1989	8:30	Finalize discussion - Section 2
	10:00	Tea/coffee break
	10:30	Discussion - Section 3: Promoting employment-creation and income-generation in low-income settlements
	13:00	Lunch
	14:00	Visit to formal and informal housing areas in Nairobi and environs: Umoja II, Dandora and Pumwani Guest lecture on the provision of community services in upgrading areas in Kisumu , Kenya : Ms. Margaret Jobita Discussion of site visit and guest lecture
Wednesday 15 November 1989	8:30	Finalize discussion - Section 3
	10:00	Tea/coffee break
	10:30	Discussion - Section 4: Employment and labour absorption in the provision and maintenance o urban basic services
	14:00	Finalize discussion - Section 4
Thursday 16 November 1989	8:30	Discussion - Section 5: Institutional support mechanisms
	10:00	Tea/coffee break
	10:30	Group work on strategy framework and methodology to develop strategies
	14:00	Guest lecture on credit schemes for small-scale enterprise development: Mr. Daudi Waithaka
Friday 17 November 1989	8:30	Guest lecture on appropriate technology for indigenous building materials production: Mr. Nicolas Hall Discussion - Section 5 and guest lecture Group reporting
	10:00	Tea/coffee break
	10:30	Discussion of areas for further action and research
	13:00	Lunch
	14:00	Finalization of strategy framework and methodology to develop strategies
	16:30	Closure of meeting



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Annex III. Strategy framework

A methodology for developing strategies to stimulate income-generation and employment-creation in low-income human settlements programmes

Areas	Objective	Focus	Actors	Strategy/Institutional support
1. Construction and building-materials production	To strengthen local potential and options (building structures, infrastructure and related areas)	- Technology level and building materials - Skill formation - Local organization - Regulatory framework ^b	- Government ^a - NGOs - Community - Private sector	Create sustainable local potential and create options through an integrated approach of three elements of focus: technology level, skill formation and local organization
2. Urban basic services	To promote local management for maintenance and improvement of services	- Local organization and management - Regulatory framework	- Government/community collaboration - Private sector	Improve services/reduce costs, define new responsibilities, create work
3. Local economic activities^c	To facilitate local economic development	- Support mechanism - Enterprise promotion - Finance - Regulatory framework	- Government - NGOs - Financial institutions - Private sector	Direct support (technical, managerial and financial, links with trade organizations and workers' associations) Modify regulatory framework to facilitate economic development

a. Government" refers to local and/or national government.

b. The regulatory framework encompasses land-use planning, lay-out design, building bye-laws and regulations, and trade and manufacturing regulations.

c. Local economic activities include retail, services and manufacturing businesses in houses or in low-income neighbourhoods and include rental housing.



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**Annex IV. The methodology for establishing a strategy applied to the construction and
building-materials production sector**

In order to increase employment opportunities in the construction of low-income housing, it is necessary to investigate the links which exist between the activities of construction and building-materials production and local employment, and to identify which are critical to generating jobs and incomes while at the same time not lowering productivity or increasing costs.

Opportunities and links

Increasing the production of low-cost housing cannot be achieved without ensuring an adequate supply of suitable building materials. Local production of building materials is likely both to provide a regular supply and to create more local employment than reliance on imported conventional building materials.

Small-scale local building contractors and materials production units have proved that they can be both efficient and labour-intensive. To achieve this, it is necessary to consider the choice of building materials and building technologies, the availability and sources of raw materials, and the availability of or possibility to develop the skills needed for production and for construction. It is also necessary to investigate how the construction industry is organized, or could be organized more efficiently, and what local organizations exist which could be used to involve the participation of residents more actively in construction and building-materials production.

According to the Global Strategy for Shelter to the Year 2000 "rapid expansion of the supply of basic building materials at low cost can be achieved by promoting the small-scale sector", ^(a) and this sector can be encouraged to play a greater role in construction, production and distribution of appropriate building materials.

The above factors are highly interrelated, and an integrated approach of analysis is necessary if efforts to increase employment and productivity in construction and building-materials production are to have direct and long-lasting effects on the life of people living in low-income settlements. Such approaches should focus on the technologies involved, formation of skills and types of organizations at work and for work in a given low-income settlement. It is also important to assess the supply and demand sides when aiming at promoting indigenous building materials, or strengthening the role of the small-scale construction sector.

Similarly, it is necessary to consider employment-creation and income-generation from the perspective of the construction industry at the macro (policy) level as well as at the micro (local community and household) level. The approach must be flexible enough to accommodate different conditions in different countries and communities. The theme is that increasing employment and income-generating opportunities should not simply be an "optional extra" but should be a major consideration in the development of the most suitable approach.

The strategy

Below is shown how the strategy proposed would be applied in analysing each situation and identifying options and measures with respect to low-income housing construction and production of building materials. There are three steps to follow at both macro level and local-community level: step 1 is resource assessment, step 2 consists of analysis of constraints/barriers, and step 3 is the definition of options and measures for implementation.

Step 1: Resource Assessment

Macro level (policy environment)

- (a) Existing technologies
 - i Assess what technologies (methods, equipment, tools) are available in construction work and in the building-materials production sector. What improvements could be made to increase productivity and use more labour?
 - i Which building materials are available for construction and what amount of employment is generated in their production? Are building materials in adequate supply?
 - i How could more financial resources be mobilized to boost low-income housing construction?
- (b) Skill formation
 - i What institutions are available for skill development relevant to construction and building-materials production? What is their capacity?
 - i What skill formation programmes are provided and how do they fit in with low-income housing construction? What are the entry requirements? Which groups are not reached or catered for? What are the costs, duration, distances to centres of training?
- (c) Organizations involved
 - i Who undertakes construction and production of building materials (share of large contractors, community groups, and small-scale contractors), and what forms of relations exist between them?
 - i What are the requirements of entry into low-income housing construction and building-materials production?
 - i What kinds of licensing, permits and controls are involved in the construction sector? Which groups need to be assisted to enter into construction work, and what forms of assistance are required?

Micro level (community and household)

- (a) Technological base
 - i What equipment and tools do local communities and local artisans know how to use or have for carrying out construction work? How could these be improved to raise productivity and increase employment?
 - i What is the division of labour in relation to gender, age, and ethnic groups/tribes, and why? What could be done to involve more people, especially women and youth?
 - i What financial and non-financial resources are at the disposal of the community and how could more resources be mobilized?
 - i What local building materials could be produced and used?
- (b) Skill formation
 - i What programmes of training are available for improving skills of artisans, producers of local building materials, and residents of low-income settlements to acquire such skills?
 - i What are the costs, duration, and distance involved in acquiring such training and how could these be reduced to enable more people to learn skills related to the construction sector.
- (c) Work organizations
 - i What groups exist which undertake construction work and production of building materials?
 - i What additional, or alternative, organizations could be established to undertake low-cost construction work?
 - i What arrangements exist, if any, in contracting and/or sub-contracting construction

work, or the production of building materials, to community groups?

Step 2: Identifying constraints/barriers

Macro level (policy environment)

- (a) Technological constraints
 - i Aspects of building codes and regulations which inhibit low-income housing development.
 - i Bottle-necks in the adoption of local indigenous building materials.
 - i Preferential treatment given to conventional, imported materials.
 - i Lack of building materials.
- (b) Skill formation
 - i Lack of relevant training institutions and limited opportunities for training.
 - i Lack of management skills and technical skills in the small-scale sector.
 - i Gender barriers existing in avenues of skills formation.
 - i Lack of trainers.
- (d) Organizational capacity
 - i Licensing problems faced by local contractors, building groups, co-operatives or individuals.

Micro level (community and household)

- (a) Technological constraints
 - i Costs and shortages of building materials.
 - i Aspects of building standards, codes and regulations which make low-income housing costly.
- (b) Skills formation
 - i Limited opportunities for apprenticeship training.
 - i Gender barriers in training and apprenticeship.
 - i Costs of training.
 - i Weaknesses and constraints of small-scale contractors, building-materials producers and artisans.
 - i Constraints in promoting local building materials.

Step 3: Identifying options and measures for implementation

Macro level (policy environment)

- i Promote the production and use of local building materials and provide support to small-scale construction businesses.
- i Establish training facilities for technical, managerial and entrepreneurial training, and provide extension services and assistance to groups and individuals in starting construction and building-materials production enterprises.
- i Eliminate preferential treatment for conventional, imported building materials.
- i Promote sub-contracting of low-cost housing construction to local communities and building groups.
- i Establish loan facilities to the small-scale sector.

Micro level (community and household)

- i Encourage sub-contracting between large-scale construction firms and small-scale contractors or community-based construction groups.
- i Provide access to land and make available necessary equipment and tools.
- i Provide opportunities for skill formation, training and apprenticeship, and remove gender bias in work and training.