



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

PN-ABK-909
ISA 76524

***FAMILY AND DEVELOPMENT INITIATIVE
SEMINAR BRIEF NUMBER 1***

Looking at Families as Managers of Strategic Resources

***Seminar by Simon Fass
January 7, 1992***

In the first of a series of seminars designed to continue the dialogue within USAID on the Family and Development Initiative, Professor Simon Fass of the University of Texas at Dallas discussed the importance of families as decision-making units. Fass argued that a greater understanding of the family unit and the logic by which these units make decisions would help guide USAID towards improvements in policy, program design and impact. To support this position, Fass drew on his experiences in the areas of micro-enterprise assistance, education, housing and nutrition.

Micro-enterprise Assistance

Fass' emphasis on the importance of the family arises from his distrust of unemployment indicators that portray a situation in which the average Haitian could realistically afford the luxury of being unemployed. He determined that people had to be doing 'something' in order to survive. The answer, as we now know, lies in the existence of alternatives to formal employment, dubbed "informal sector activities" or "micro-enterprise" by the development community. Fass pointed out that micro-enterprises do not exist in a vacuum, but rather, as small parts of a larger portfolio of investment activities incorporated by the family unit. Since credit assistance for micro-enterprise activities is viewed by many borrowers as fungible capital, it is not unusual for loan funds to be redirected to refinance debt, to buy school uniforms, to acquire longer term rental housing and to buy food stocks in bulk rather than in small quantities, all practices typical of the poor. This practice suggests a family strategy which views the household economy as an enterprise with multiple branches. The approach is holistic and is fundamental to the survival strategies of many of the poor. Seen from this perspective, the impact of micro-enterprise credit might be usefully evaluated in terms of the increased returns to the family's income as a whole rather than the individual enterprise.

Education or Schooling

In seeking to explain the huge increase in enrolment rates in Haiti in the 1980s, especially among the poorest families, Fass found that families valued education differently from the development community. For the poor, schooling was an important component of their poverty alleviation strategy. The provision of school meals, and a limited social insurance program are important indirect sources of family income. For example, while the family might have to pay \$9 per year for each child to attend school, school feeding programs entitled a child to eat the equivalent of \$26 per year while at school. Foreign child sponsorship programs, which contribute money towards the subsidization of Haitian schools' recurrent costs, afford families not only a reduced cost of education, but also access to social insurance by providing funds at times of stress; i.e. medical crises, burial costs, or housing emergencies resulting from flood or fire. For the family, the school is inevitably seen, not simply as a place to educate their children, but also as a cafeteria providing a true free lunch and as part of a strategy of disaster mitigation. Thus, it is in the best interest of the poor family to keep children in school for as long as possible.

Looking at Families as Managers of Strategic Resources (cont.)

Housing

General economic theory would suggest that housing quality increases with household income. The evidence from Haiti suggests the contrary; housing quality and size did not improve in direct proportion to increases in income. Higher income families live in simple and small dwellings, preferring to invest their capital in productive activities where it generates higher returns. A similar rationality underlies the strategy of relocated families who will sell their rights to the new land. By contrast, Fass observed that poorer families tend to invest heavily on land rented year by year. Investments often exceed the value of the land because the social convention associated with damages payments requires that in cases of eviction landlords must pay squatters the value of the housing improvements. These data suggest that household shelter strategies are closely tied to the needs of the family as an enterprise and the family's assessment of its returns to capital.

Nutrition

Fass explored the tendency of poorer families to purchase more expensive, higher quality grains and bread. This consumer preference is, in fact, an economically rational family decision based on an assessment that cheaper cereals require higher levels of investment in physical labor, time and fuel costs in order to be transformed into something

edible. The significant levels of consumption of processed foods, including street foods, reflect the opportunity cost of these inputs which are substantial. Substituting time spent in income generation for time and energy spent in food preparation at home is a compelling logic among the urban poor everywhere.

Conclusion

Fass' presentation demonstrated the gains that can be made in policy and program design by focusing attention on the family unit and its survival strategies. Fass spoke of the need for donors not only to speak with families but even more importantly, to listen to them. He believes that only through an open and consistent exchange of information and ideas between the donor community and its beneficiaries can the development process be expected to operate most effectively. Fass emphasizes that we each have our areas of expertise and families are no exceptions. Rather than overlooking the important role of these major decision-making units, USAID should recognize the dynamics and rationality of the family system and learn how it manages its portfolio of resources, labor, capital and land and what is important for its members. Fass admits that this is no small task, however, he feels that it is a manageable goal for USAID, and could go a long way in helping to improve the quality of life of beneficiaries.

March, 1992

**FAMILY AND DEVELOPMENT INITIATIVE
AGENCY FOR INTERNATIONAL DEVELOPMENT
4942 NS, WASHINGTON, D.C. 20523**