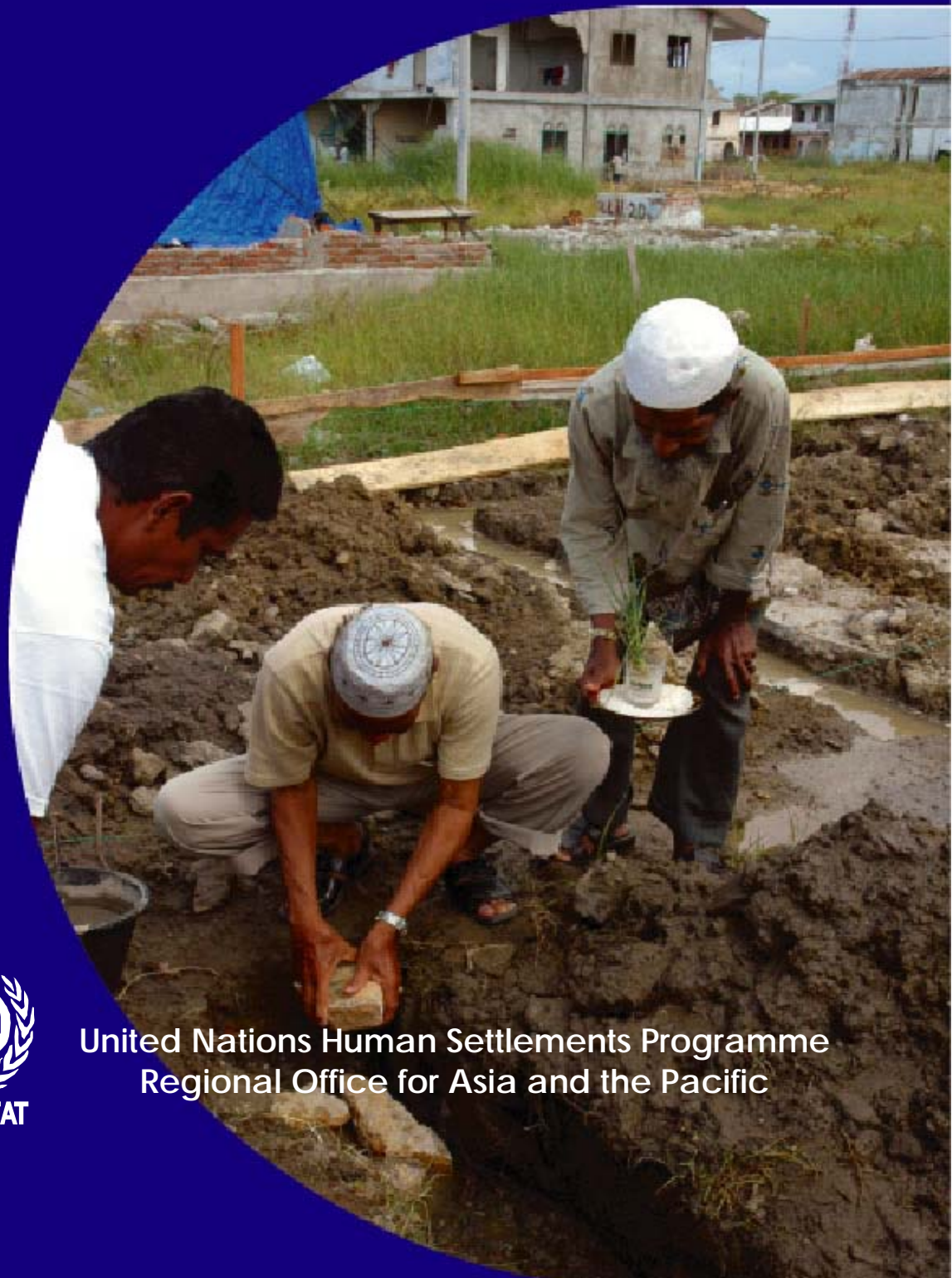


UN-HABITAT

# Community Contracts



United Nations Human Settlements Programme  
Regional Office for Asia and the Pacific

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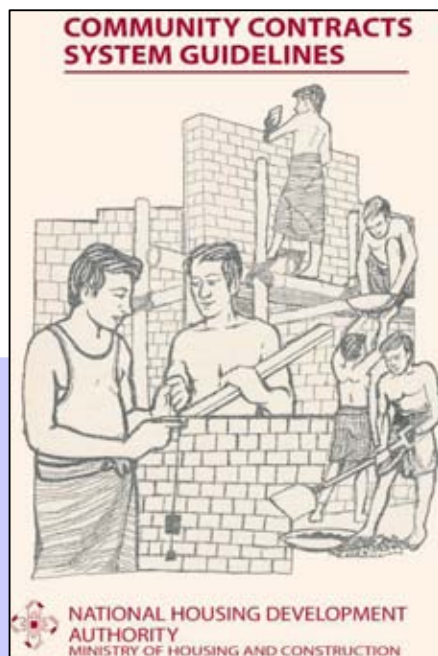
## UN-HABITAT COMMUNITY CONTRACTS

*The concept of community contracts was born in Sri Lanka when a group of community leaders approached a government agency complaining about the quality of construction of a public bathing well by a local contractor: “We can do it better, please give the next contract to us”. It was at the time of Sri Lanka’s Million Houses Programme, when many innovative approaches were pioneered. The idea of a construction contract to the community was further developed and in early 1986 the first official community contract was awarded to the Community Development Council of Wanathamulla, an urban poor settlement in Colombo, for the construction of a public bathing well.*

### 1. BACKGROUND

UN-Habitat assisted the Government of Sri Lanka with the conceptual development of a systematic approach to the upgrading of informal settlements in urban areas as part of the Million Houses Programme. The approach is known as Community Action Planning (CAP), whereby government agencies or projects assist urban poor communities to get organised, identify and prioritise their problems, and prepare detailed plans for the improvement of their neighbourhood. One of the ways to implement these plans is through community contracts.

The introduction of community contracts in an established government system used to award contracts through bidding to commercial contractors was not easy. Many obstacles had to be overcome before it became an accepted contracts system, such as legal issues: to be able to award a contract, the community had to be a legal entity.



*Cover of NHDA Publication in 1988*

This was solved by registering Community Development Councils with the local authorities, so it could sue and be sued. Local Government by-laws had to be adjusted to allow for sole-source bidding in case of community contracts.

In the early years of development of the community contracts system about 135 contracts have been awarded to urban poor communities in Colombo during the period 1986-1991. In the early 1990s, UN-Habitat assisted the Government of Sri Lanka to promote the community contract system to other cities and towns and by 1999 the total number of contracts awarded reached to about 400. The impact of community contracts on improving the living conditions of the urban poor had now become visible and attracted international attention.

The community contract system has been introduced in a number of UN-Habitat projects in developing countries in Africa and Asia in the 1990s. Tanzania was the first country it was introduced in Africa in 1993. The Sustainable Cities project in Dar-es-Salaam organised an exchange visit to learn from the Sri Lankan experience and assisted the city in adopting the system. Shortly thereafter Namibia followed and received an International Habitat Award in 1994 for the “Build Together” project, which had incorporated the community contract system.

Bangladesh and Afghanistan were the next countries where UN-Habitat introduced community contracts. The Local Partnerships for Urban Poverty Alleviation Project in Bangladesh refined the Community Action Planning approach and had a sizeable allocation for community contracts. The approach is now well established in 11 cities and towns around the country. In the period 2002-2006, about 1,066 community contracts have been awarded to the 600 communities supported by the project.

Other UN agencies, notably ILO, showed an early interest in community contracts. In 1988, ILO undertook a study of the effects of community contracts on employment generation in Sri Lanka. In Africa, their interest dates back to the first phase of the Hanna Nassif project in Dar-es-Salaam, where UN-Habitat (then UNCHS) worked together with the ILO-ASIST programme when the community contract system was brought in. ILO-ASIST has introduced community contracts (also referred to as micro-contracts or community partnering) in several of its projects and published a number of studies on the subject.

The table below provides an overview of community contracts awarded by UN-Habitat projects in Asia.

*Table 1: Overview of Community Contracts in Asia*

<b>Country</b>	<b>Period</b>	<b>Contracts</b>	<b>Value in US\$</b>
Afghanistan	2002-06	3,245	93.72 mln.
Bangladesh	2002-06	1,066	9,67 mln.
Indonesia	2005-06	362	14,39 mln.
Maldives	2005-06	97	12,26 mln.
Sri Lanka	2005-06	677	6.98 mln.
	1986-99	400	N/A.

## **2. WHAT IS A COMMUNITY CONTRACT?**

UN-Habitat promotes community contracts within the framework of the Community Action Planning approach. A community contract is a contract awarded to a community organisation by a government agency, NGO or project to carry out physical works that have been identified in the Community Action Plan.

In most cases the community organisation representing a defined community is the registered Community Development Council for a particular settlement. The set of activities is usually the construction of small-scale community infrastructure and the prepared plan the result of a prioritised need in the community through Community action Planning. Over time however, community contracts have been used for a

number of innovative activities beyond the construction of simple infrastructure facilities, such as provision of services and skills enhancement.

Important to note is that community contracts emerge from a process of communities identifying and prioritising their problems and agreeing on the plans to be realised. The technical preparation of the plan is usually facilitated by the organisation assisting the community or commissioned by the community.

The typical type of community contract would be for works that can be classified as follows:

- Physical improvements within the settlement;
- Technically not complicated in nature;
- Mostly labour intensive, rather than mechanised;
- Not capital intensive;
- Not requiring highly specialised skills, and
- Relatively easy to manage.

The most common types of infrastructure and facilities constructed through community contracts are:

- Access roads to and within the settlement;
- Paved footpaths;
- Drains, culverts and small bridges;
- Water wells, hand-pumps with platforms and water tanks;
- Public toilets;
- Small-scale sewer systems;
- Community halls, schools, clinics
- And in the post-tsunami projects: Housing.

If physical infrastructure will be carried out through the conventional contracting procedures and commercial contractors, the community would only benefit from the output of the contract and not from the process of the construction. Awarding the contract to the community has the advantages outlined in the following table:

*Table 2: Comparative Advantages of Community Contracts*

<b>Process</b>	<b>Conventional Contract</b>	<b>Community Contract</b>
Planning	Outside professionals	Community
Design	Outside professionals	Community assisted by professionals
Physical works	Outside contractor	Community
Labour	Machine intensive	Labour intensive
Experience	Goes out of community	Stays within community
Quality of work	Chances of being inferior	Good, it's their own
Profit margin	High	Low
Feeling of ownership	None	Very High



Identification and Prioritisation of Needs



Community Involvement during Workshop



Signing of Agreement in presence of the Community



Inauguration Ceremony

### *Full Involvement of Community during Community Contracts Process*

An additional advantage of the community contracts is that the community has been involved in the construction of the facilities and therefore will be in a better position to undertake the maintenance and repair. They also will be more inclined to undertake maintenance and repair because of their feeling of ownership over these facilities.

### **3. FRAMEWORK FOR COMMUNITY CONTRACTS**

The implementation of community contracts promoted by UN-Habitat is following a step-by-step methodology within the framework of the Community Action Planning approach:

- Identification and prioritisation of a need of the community in the Community Action Plan (CAP);
- Detailed design of the physical works by technical officers in consultation with the CDC;
- Detailed costing of the works;
- Half a day workshop with the CDC which covers the responsibilities of the CDC, organization of works, accounting and book keeping, store-keeping and labour management (formats available);
- CDC assigning responsibilities to members e.g. procurement of materials, store keeping, book keeping, etc;

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- Reading out the agreement at the end of the workshop and signing in the presence of the community;
  - Copy of the design and agreement posted on the community notice board;
  - Release of the first instalment to the CDC bank account;
  - Work starts;
  - Technical assistance on the ground which involves measuring, levelling and quality control;
  - Joint assessment of progress and quality of work by the technical officer and the CDC members for certification of payments;
  - Payment of instalment upon reaching the bench marks of works;
  - Final payment and certificate;
  - Inauguration ceremony by dignitaries and reading out the final statement of accounts to the community.

UN-Habitat has been promoting community contracts with governments and NGOs in most countries that it is working. Some government agencies and local governments have adopted the community contracting approach as a policy for doing small infrastructural works (eg. Sri Lanka). In Afghanistan, the National Solidarity Programme was designed by UN-HABITAT and it is the Facilitating Partner of this programme in 9 provinces. In the other 26 provinces various NGOs and INGOs are the facilitating partners. These facilitating partners are following the same method of community contracting uniformly across the country.

#### **4. CHANGING PARADIGM**

Community contracting is different from the conventional practises of involving communities to provide labour, which is then paid for by the implementing agency. In the UN-Habitat community contract system the community is at the centre of the process in terms of:

- Identifying the works;
- Design of the works;
- Managing the execution;
- Controlling the finances;
- Procurement of materials;
- Managing labour;
- Store keeping and accounting, and
- Accountability to the community.

***This is a shift in the development paradigm from the Community as provider of labour to one of managing and executing infrastructure projects***

This process changes the community from a recipient of development to a partner in development. It is tool for community empowerment and a process that ensures both

social and economic accountability. The question of accountability has always been looked at from the top, from the centre, i.e. local and peripheral organisations being accountable to the centre for expenditure and output. Therefore central organisations keep control of funds and expenditures. Contracts are awarded from the central agencies to recognised contractors because of the belief that they are the only ones who could be trusted. These contractors are only accountable to the body that awards the contract and not to the community. However our experience has shown that community organizations are accountable not only to the funding agency but also to the people that they represent and they serve. Therefore the question of accountability has to be a two-way process. The people are the best judges of any facility that they have been provided: whether it is worth the cost and whether it is done to satisfactory standards.

The community contract system formalises the accountability and monitoring in the hands of the people that the facility serves. The openness of procedures and economic transactions is the key to accountability in this system. It strengthens the trust both within the community and between the CDC and the local authority. By doing this the communities become more responsible for their own development work thus for the management of those facilities. They acquire a feeling of ownership and attachment to the facility, which automatically ensures long-term maintenance and sustainability.

## **5. COMMUNITY CONTRACTS FOR RAPID RECOVERY AFTER DISASTERS**

Initially, community contracts were used mainly for the construction of small-scale infrastructure in development projects. Recently, however, UN-Habitat has introduced community contracts along with the Community Action Planning approach in post-disaster recovery projects, notably in Aceh, Sri Lanka and the Maldives.



*Community in charge of Tsunami Reconstruction*

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The brief experience UN-Habitat has gained with this has proved very successful. Communities have embraced the efficiency of the system and donors like it because of its transparency.

The use of community contracts for housing reconstruction in post-disaster projects has had a very positive impact on the speedy and satisfactory repair and reconstruction of people's houses. Based on a community assessment of the affected households and technical assistance of the projects in preparing plans for repair and reconstruction, a contract for the repair and reconstruction of the identified houses is given to the CDCs, which were in existence or have been established. Funding was released in instalments upon completion of agreed stages of construction. This process effectively is the people's process of post-disaster recovery.

The systematic involvement of the community in the reconstruction process did not only put the community in charge of the reconstruction process of their housing and settlement, it also ensured that what was built back was done to the wishes of the community and individual house owner. Their involvement also had a therapeutic effect for those affected by the trauma of losses from the natural disaster.