

ORGANISATION, CONTRACTING AND NEGOTIATION IN DEVELOPMENT PROGRAMMES AND PROJECTS

International
Labour Office
Geneva



A STUDY OF CURRENT PRACTICE AT THE COMMUNITY LEVEL

OVERVIEW REPORT • PETER OAKLEY • NOVEMBER 1999

ILO

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PREFACE

The concept of "people's participation" has been widely promoted by the ILO since the mid seventies, particularly in the framework of the basic needs approach developed under the World Employment Programme. Participation of local communities in decisions of direct interest to them was seen as a precondition to economic, social and political changes required to achieve better working and living conditions for the low income groups in society, and to break the vicious cycle of un- and underemployment, poverty, marginalisation and social exclusion.

The participatory approach aimed at giving poor people a voice, at initiating and testing approaches that would, hopefully, contribute step by step towards achieving more democratic processes and institutions. Today, one can say that the participatory approach has been clearly instrumental in freeing avenues for all sorts of community organisations to emerge, in involving them in development programmes and even, in many cases, in protecting them against exploitation and repression.

At the brink of the new millennium, however, the question can be raised as to whether popular participation has indeed become the tool which enables the poorer strata of the population to fully take their place and their part in society. A wealth of literature has demonstrated the limits, conceptually and in actual practice, of "participation", and pleading in favour of greater "empowerment" of the poor.

The ILO's Employment-intensive Investment Programme, which aims at improving access of poor communities and low income groups to productive resources, remunerative employment and basic social services, has come to the conclusion that "participation" needs to be materialised in concrete, operational systems which, ideally, would give people both the voice and the power they need to defend their interests. Experience, both positive and negative, has shown that the key concepts underlying participation and, indeed, empowerment, are **organisation** and **negotiation**, and that **contractual arrangements -defining rights and obligations of all parties concerned-** can provide the operational tool to promote people's own and representative institutions, and to give them a chance to change the power balance in favour of them. If choices, commitments, rights, action plans -such as critical investments in basic economic and social infrastructure to respond to priority needs of the community- are at stake and really matter to the people, **contractual approaches** may facilitate both their joining forces in organisations of their own choice, bargaining collectively for their interests, and fixing agreements in a longer-term development perspective. This latter point is more than an assumption, in the sense that quite a number of development agencies and NGOs have been using some form of contractual arrangements in their participatory development programmes; however, no systematic assessment of, and hence no large-scale implementation of what one might term the "contract approach", has been attempted so far. This has been the challenge of the present study.

When committing the study, the ILO had in mind the huge challenge which it has to face in trying to extend its fundamental principles of organisation and negotiation outside the "formal" wage sector, to the informal and weakly organised rural and urban sectors as well.

While this modest study provides interesting insights to contracting, organisation and innovative forms of collective bargaining at community level, the main conclusion appears to be that there is still an arduous way ahead before structural democratic changes in favour of the poorest and low income groups can be expected in society. In face of the sheer numbers involved, renewed efforts at stimulating the emergence of organisations with a strong social base, and at creating frameworks that would enable them to defend their interests in transparent and legally binding contexts, are required. We hope that the study will give rise to further research in this area.

I would like to thank Peter Oakley for coordinating this study and guiding the field research, and I gratefully acknowledge the contributions from the national researchers, Anne-Marie Speyer from Brasil, Pablo Pacheco from Bolivia, Alaa Saber from Egypt, Cathy van de Ruit and Francie Lund from South Africa, Ellen Bortei Doku, Jacob Anang Tetteh and Kingsley Ofei-Nkansah from Ghana, Atiur Rahman and Farooque Chowdhury from Bangladesh, and Khem Raj Sharma from Nepal.

DANIDA's financial support to this study is gratefully acknowledged.

Jean Majeres
Chief,
**Employment-intensive Investment
Branch**

FOREWORD

This research has been conducted in a number of countries by national researchers working within a common but broad framework of approach and methodology. The initial concept paper for the research was prepared by myself. A number of researchers were then contracted to undertake case studies in a number of selected countries: Brasil, Bolivia, Egypt, South Africa, Ghana, Nepal and Bangladesh. In September, 1998, a workshop was held at the ILO Training Centre in Turin and attended by all of the national researchers. At that workshop each researcher made an initial presentation on his/her research proposal and, as a group, We agreed the broad parameters of the study. The main field work for the country based case studies took place between October 1998 and early 1999. Each country researcher submitted a full and detailed report on the research and these reports have been summarised in chapter 2 of this study. The main findings of each of the country studies are included in chapter 3.

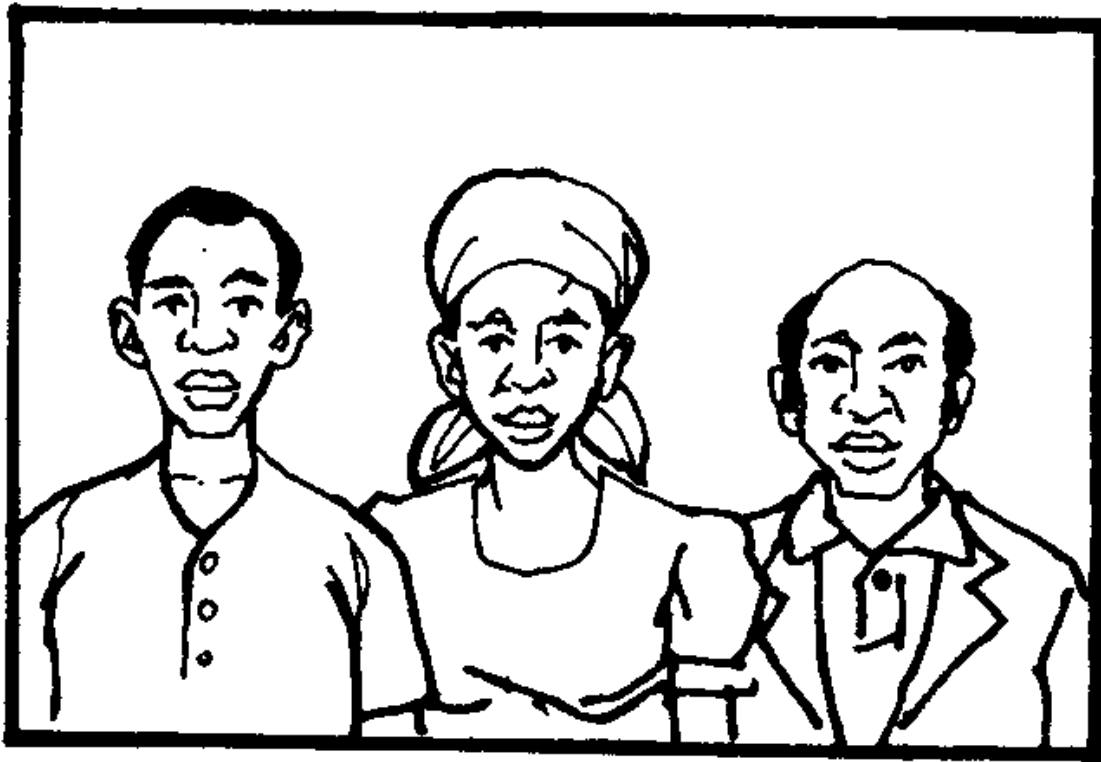
I would like to record my sincere thanks to the principal country researchers for producing such readable and insightful reports within the time frame of the overall study: Anne Marie Speyer (Brasil), Pablo Pacheco (Bolivia), Alaa Saber (Egypt), Catherine van de Ruit and Francie Lund (South Africa), Ellen Bortei Doku, Jacob Anang Tetteh and Kingsley Ofei-Nkansah (Ghana), Atiur Rahman and Farooque Chowdhury (Bangladesh) and Khem Raj Sharma (Nepal). Furth more an equally sincere vote of thanks to Jean Majeres of POLDEV at the ILO for all his prompt support during the whole research exercise. Finally to Nansy Eimhjellen for being yet again a most competent and reliable research assistant, and to Gabriella Oakley for diligently undertaking the initial editing of the case study texts.

Peter Oakley
November, 1999

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CHAPTER 1 : **ORGANISATION, NEGOTIATION AND** **CONTRACTING : Reviewing the** **Concepts and Practice in Relation to** **Formal and Informal Community** **Groups and their Access to Resources**



INTRODUCTION

Endemic poverty continues to characterise the lives of many millions in large parts of the world. There are three basic concepts which are evident in most definitions and understanding of the extent, nature and persistence of this poverty : a) sufficiency, in the sense of having (or not having) enough food, income and essential services to sustain one's livelihood; b) security, in the sense of having (or not having) a secure and sustainable supply of essential commodities and services; and c) access, in the sense of being able (or unable) to acquire sufficient food, income and services. Poverty, therefore, is to do with **access** to **resources** and **entitlements** which offer the urban and rural poor the opportunity to improve their life-chances, to increase their

self-sufficiency and to provide security for their families. In response to this situation, governments and development agencies have formulated poverty alleviation and eradication strategies and have experimented with alternative approaches and methodologies. A commonly used strategy emphasises the intensive use of local labour both on infrastructure works and in the extension of basic education and health services. For example, the ILO's **Employment Intensive Investment Programme (EIIP)** is a strategy which seeks to use public funds for a range of labour intensive infrastructure programmes as a means of giving the poor access to productive resources, income and basic social services, and thus the means to improve their livelihoods.

It is within the context of the above that the ILO undertook a major study on the **"Contract Approach"** as a means of facilitating access for the urban and rural poor to development resources. The possibility of access to and control over productive resources, both physical and financial, are a powerful force for mobilising informal "common interest" within the context of development programmes and projects designed to link such groups with available resources. Traditionally the major, well organised economic interest groups - cooperatives, credit unions and peasant associations, for example - have been the means whereby groups outside the formal economy have been able to gain access to such resources. Labour intensive public works based on wage labour and implemented by government agencies have long been seen as the means for creating immediate employment and income for the poor. More recently efforts to promote private sector execution of public works have been undertaken, resulting in more sustainable contractor development and employment creation. However, the majority of the urban and rural poor have no representation on such formal bodies and little opportunity to be included in such employment generation schemes. There is evidence that some wage-labour based unions have tried to link up with informal community level organisations and extended support to their members; furthermore urban informal associations have tried to build links with established unions, but such initiatives have not been consolidated, nor produced substantial results in terms of linking such informal groups to existing resources. The challenge remains to link up informal and non-organised groups of the urban and rural poor with development initiatives which might result in their gaining access to productive resources. Furthermore it will be critical to develop the capacity of such groups to manage these links and to be able to sustain the momentum which they might create. It is within the context of these longer-term socio-economic and socio-political objectives that the EIIP has tested the Contract Approach in a still too limited number of grass-roots initiatives, involving local government and community based organisations. Initial results and the scope for generalisation have pointed towards the need to document experiences more widely and to more clearly conceptualise the whole approach.

UNDERSTANDING THE TERMS

In general terms we are talking about both a needs and a demand-driven process whereby previously excluded groups enter into a contractual arrangement and negotiate with local government or a development programme in order to gain access to resources for a productive activity which may lead to an improvement in their livelihoods. The approach appears to be of interest to many donor-driven development programmes and already a number of experiences have been documented. In this respect we are talking not only about schemes such as the EIIP referred to above and other labour intensive infrastructure programmes, but also other types of development programmes in which community based groups, through a process of bargaining and negotiation, enter into a contractual arrangement to provide certain services in return for an agreed reward. In the first instance, it will be important to see the Contract Approach as an overall **process** and to identify its various stages:

- ❑ **Initial Contact and Identification of Target Group:** presumably as a result of some form of socio-economic analysis at the local level. Such an analysis might use the Participatory Rapid Appraisal techniques (PRA) and would differentiate the local population in terms of the differing levels of access to productive resources. The evidence of such an analysis would be crucial in ensuring that the target group had been identified and that the available resources would not be captured by the already better off.
- ❑ **Mobilisation:** the organisation of the target group around some form of common economic interest which would be the basis of the productive activity. It is to be assumed that some form of locally based field worker or activist will be involved in this task; it will be important to assess the effectiveness of their work and of the organisational structures which may have been set up to mobilise local people for the particular activity.
- ❑ **Negotiation and Bargaining:** critical stages when the informal group/organisation enters into direct contact with the resource providing body and ultimately agrees the basis and conditions under which the resources would be made available. This could be a protracted stage in the process and certainly the one most fraught with difficulties. Inexperienced group representatives must sit down and hammer out a series of agreements with the resource providing body, probably without the support of a larger more powerful body and in an unequal situation.
- ❑ **The Preparation of a Formal Contract:** which involves issues relating to the form of contract, legal status, the sharing of responsibilities, the risks involved, the penalties of non-fulfilment and the monitoring of the contract's performance. Already a substantial ILO internal document exists on issues relating to Community Contracts in Infrastructure/Rural and Urban Works programmes (Toure and Van Esch, 1999). This paper covers such issues as Typology of Contracts, the pre-conditions for the issuing of community contracts, the legal status of the parties signing the contract, the signing of community contracts and, finally, the critical issue of the concept of the "contract" within different cultures. Within certain types of development assistance projects - employment intensive local infrastructure works, irrigation water control and the management of natural resources, for example - "community contracts" have now become an important operational

mechanism. Studies in Nepal, Mali, India, Guinea and several studies of Employment Generation Programmes have all included the notion of the "community contract" and have underlined its important role in determining a community's relationship with the programme and also of the community's obligations vis a vis the implementation of certain aspects of the programme. However the studies also discuss both the benefits and the difficulties associated with what we may call the "contract approach" to community development and suggest that it is a mechanism which is more relevant to particular types of projects and with certain types of groups. They also suggest that the "contract approach" is more commonly used in infrastructure projects in which communities are contracted to provide specific inputs and that such an approach is beneficial to the projects in terms of efficiency, effectiveness and sustainability. Indeed such was the prevalence of the use of the Contract Approach in certain construction projects that in 1996 Nebuloni included a series of formal specimen contracts in his study of the approach in Nepal, as a guide for future use.

- ❑ **Operationalising the Contract:** this involves the community organisation assuming responsibility for a range of activities and inputs under the contract, their management, fitting the obligations within existing work patterns and demands and fulfilling the contract's requirements. Depending on the level of support available, the contract's operationalisation will entail an enormous burden on an inexperienced community organisation and raises the question of the organisation's state of preparation to assume the responsibility.
- ❑ **Monitoring the Contract:** ensuring that responsibilities and obligations are being met and evaluating the outcomes of the activities undertaken in the contract. Quality control may well be an issue and there will be a need for a mechanism for the review of contract performance.

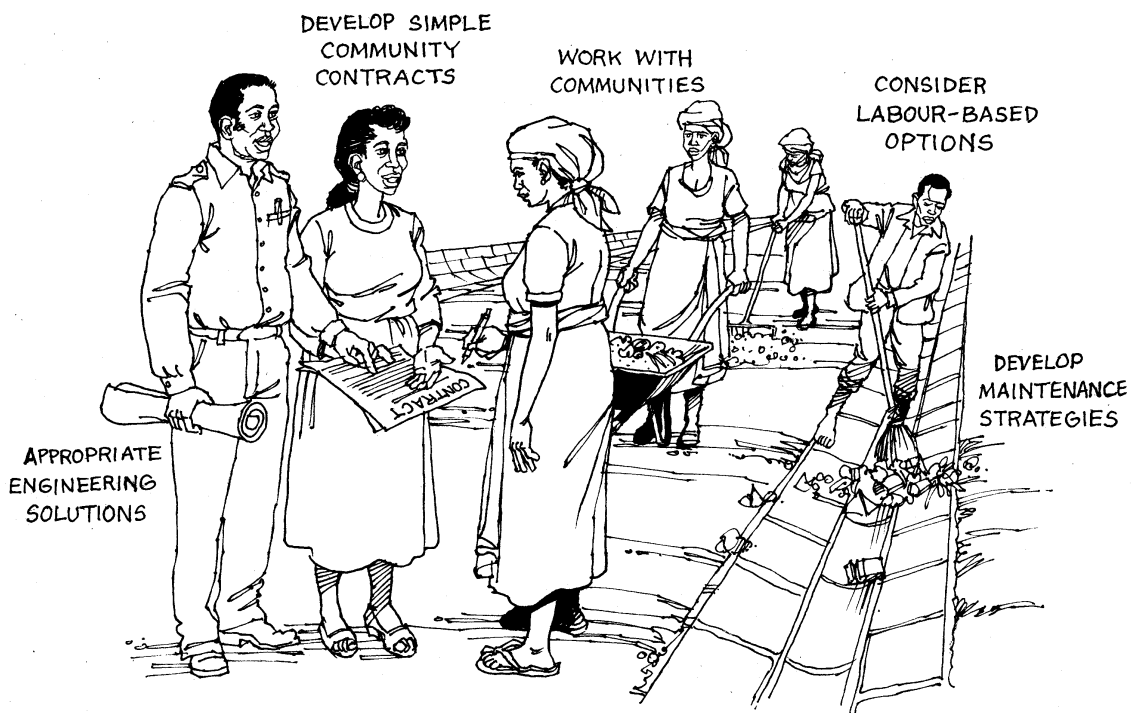
The above overall understanding of the key elements in the contract approach are drawn from a variety of sources. This is largely because there are few detailed studies of the approach in practice. Aalbers' (1993) earlier study of the contract approach in promoting the management of forest resources in Mali is still one of the few detailed examinations of the approach in practice. In particular Aalbers outlines the actual **process** of formulating and implementing the approach and the mechanisms which support it. The process begins with an 'initial visit' to the community, followed by other visits, the response from the community, the drawing up of the contract, technical support and the monitoring system to track the implementation of the contract. The study also examines the various contracting parties and their respective, and collective, obligations and is particularly informative on the strengthening of community organisation and how community contracts fit into the larger institutional framework of national development.

More recently Nebuloni's (1996) review of construction contracts for irrigation development in Nepal has furthered our understanding of the contract approach. This is a particularly useful review in that it contains a number of annexes which illustrate the administrative detail of the management and implementation of the approach: step-by-step procedures, letters of agreement between the department of irrigation and the farmers' irrigation associations, work plans and time schedules. Nebuloni's review is based on a pilot scheme in four areas of Nepal and his conclusions underline the complicated nature of the approach. Nebuloni suggests that community groups have grown in self-confidence as a result of being involved in contract work, but that the issue

of sustainability is critical. The contract approach is demanding in terms both of technical supervision and of the training which it demands for the farmers' associations. But the Nepal experience has been encouraging and we shall see a more updated report on it in the next chapter.

THE CONTRACT APPROACH

The lack of success of many traditional government-executed labour intensive activities as a basic strategy of poverty alleviation, coupled with the absence in many countries of an environment to "participation", have prevented the poor from voicing their needs and participating in decision-making. This situation has affected their livelihoods and contributed to their non-participation and their dis-empowerment. Low wage payments on community works and excessive abuse with "self-help" on public works and state initiated community activities have cast doubt on self-help and wage payments as adequate poverty alleviation strategies. These methods of work have resulted in ineffective participation and poor infrastructure use and maintenance. (Majeres, 1995, 286).



Box 1.1 THE HANNA NASSIF EXPERIENCE

The objective of the Hanna Nassif Urban Upgrading Project was to upgrade an unplanned settlement in Dar es Salam. The Hanna Nassif Community pressured the government for several years to upgrade the settlement. For this, many plans were developed to reduce the flooding of the area by constructing storm water drainage on priority basis but eventually failed due to lack of funds and the need to demolish many houses. Finally in the 1990s, a community based plan was started in which the involvement of the community at different level of construction was ensured. This project was successfully implemented through community contracts.

The **Main Actors** The Hanna Nassif Project:

The financier: UNDP/EDF

The Executive Agency: Community Development Committee (CDC) and City Council

Contractor: Construction Committee (sub committee of CDC)

Beneficiaries: Hanna Nassif Community

Technical Assistance: ILO, UNCHS, UNVS, City Council, Ardhi Institute, Independent consultants on legal and accounting issues

UNDP entered into an agreement with the City Council and ILO, UNCHS and UNV to provide technical background (planning, design and implementation of construction works and on community participation). The notable issues of this project were:

CDC as executive agency played a key role and was responsible towards both the financiers and the community.

City Council was an integrated part of the process as they were part of the executive agency.

The role of the technical assistant team was different from normal conservative construction work as they could only act as advisors and had little control over the investments funds (material and labour).

The Community Construction Committee (CCC), which acted as contractor, was a sub-committee of CDC. This implied that when the CDC as executive agency had to refuse the work of the contractor, it was refusing the work of their colleagues. On the other hand the contractor had an extra interest to perform well as they were themselves also the beneficiaries of the work. A member of the community explained the situation as follows:

'The construction works delayed by 1.5 years than was initially envisaged. The quality of work sometimes less than would be acceptable for private contractors. But the most important thing is that the community is still active and taking various initiatives; for example, the collection of road toll and formation of solid waste management groups'.

(ILO,1995) Seminar on Investment Policies for Employment Generation and Poverty Alleviation, Geneva.

The contract approach has been tested in ILO-supported pilot projects where the contractual arrangements are recognised as legally binding agreements between different parties which can serve as a mutual reference with regards to a specific action. Such contracts specify the rights, obligations and contributions of each party involved. (Majeres, 1995, 286). For example, concerning the mobilisation of local labour in the context of 'voluntary' (non-paid) community works, it is only when the rights and the obligations of the parties concerned have been clearly defined that it becomes possible to bring economic and social rights into line with the letter and spirit of the Forced Labour Convention 1930 (No 29), and the Abolition of Forced Labour Convention, 1957 (No 105) ; both inhibit the use of forced labour in any forms, including "as a method of mobilising and using the labour for purposes of economic development". (Picard, 1991). The contract approach encourages the active involvement of hitherto disadvantaged communities at all stages of development projects and is seen as an effective tool in enhancing project sustainability through the increase in community ownership. Experience suggests that a participatory contract approach tends to:

- increase the access of the communities to project benefits;
- enhance motivation of communities;
- increase ownership of projects;
- encourage self-reliance by transfer of skills;
- build local institutional capacities;
- ensure that greater proportions of project benefits flow directly to targeted and deserving beneficiaries.

It is at the community level where the strengths and weaknesses of the contract approach have been vigorously tested and the level of commitment of all parties involved can be judged. Bearing in mind that the approach is still at its experimental stage, we should neither exaggerate nor underestimate the outcome of these experiments. However, judging from a number of pilot projects where this approach has been applied in community contracting, early indications suggest that, given an "enabling environment", the contractual approach can contribute to employment creation for both skilled and unskilled labour within the community, and provide the opportunity of job training in technical, administration and management skills, thus enhancing community capacity building and restoring grassroots confidence and self-respect. This innovative approach can also be used as an important instrument in creating or reactivating social capital (based on trust, social obligation and solidarity). This social capital could be seen as a sine qua non for mobilising local resources, promoting active participation in decision-making, and establishing self-reliance and independent people's organisations.

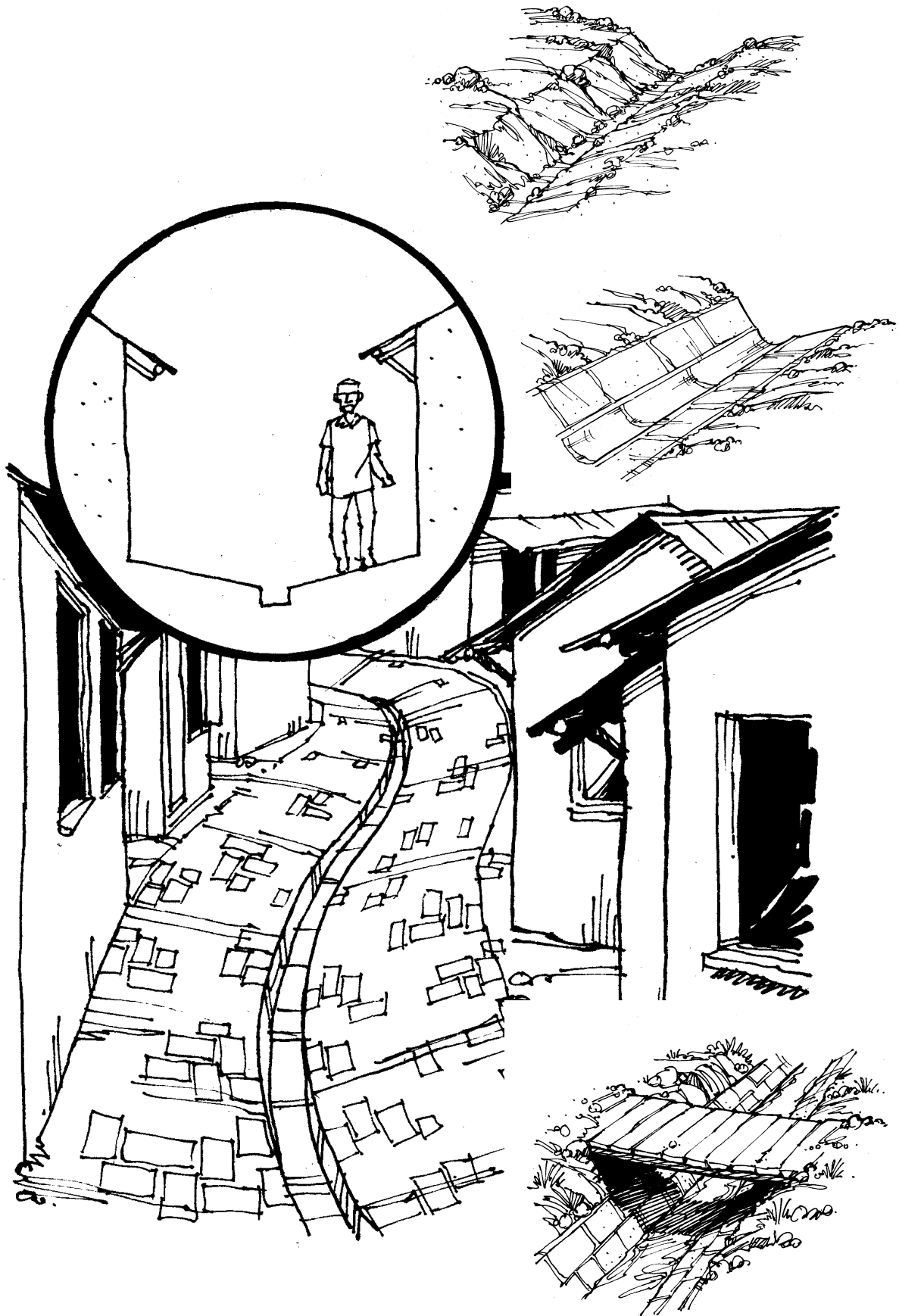
Box 1.2 ILO/UNDP KALERWE DRAINAGE UPGRADING PROJECT, KAMPALA

The aim of the project, carried out in April 1993 to March 1994, was to create employment through labour-based infrastructure investments to alleviate chronic flooding in the informal settlements of Kalerwe in Kampala. Environmental and hygiene standards were upgraded with the completion of a 3.3 km drainage network. Three pedestrian bridges and 13 grills for catching debris were also constructed to serve the low-income community of 20,000 people. As a result, there was a major reduction in flooding, creating a healthier living and working environment. Water-borne diseases were greatly reduced, from 70 per cent to 30 per cent of the local population in the project area for malaria and 17 per cent to 10 per cent for diarrhoea. The informal sector also benefited from the project through the creation of 14,307 workdays during the construction period. The project had several effects beyond the targeted community: it increased the capacity of the Government to carry out similar community-based drainage upgrading schemes. A national policy seminar was held with a view to "mainstreaming" the approach to multimillion dollar World Bank investments where the potential input of job creation is much stronger; and the ILO facilitated the exchange of experience from Kalerwe through a network of similar projects around the world.

(Source: ILO/UNDP. (1994). "Republic of Uganda: In-depth Evaluation Report on Kalerwe Community Based Drainage Upgrading Project", (UGA/92/006), Geneva.)

A **community contract** also defines the relationship between different actors involved in the activities to be undertaken and the role played by key players; the beneficiaries, the funding body and the contractors. Below we can see who are usually the main actors or partners in development activities undertaken by contract:





CONTRACT PARTNERS

| FUNCTION WITHIN THE TERMS OF THE CONTRACT | ACTORS |
|---|---|
| Contracting Agency | Funder(s) |
| Beneficiaries | Community |
| Implementors | Community Development Committee & City Commission |
| Contractor | Construction Committee |
| Technical Support | NGOs, Govt. Depts., International Agencies, Private Sector, Consultants |

The contract approach provides disadvantaged communities at the grassroots with an opportunity to engage in a negotiation process with public authorities or outside institutions. Active involvement of beneficiary groups (women included) at all stages from the initial request for assistance to operation and maintenance is important if this approach is to contribute to employment creation and sustaining the livelihood of previously excluded communities. Experience has shown that, one of the most common shortcomings of government initiated or donor-dominated micro-projects is the lack of consultation with beneficiaries at the selection stage and the neglect or the involvement of popular organisations. (Egger, 1992) The community contract approach often calls for the formation of democratically elected Community Development Committees (CDC) which are required to be legally registered as community based organisations in order to represent the interests of the communities in the negotiation process and contract agreements. CDCs are decision-makers and act as “bridges” between municipalities, donor-organisations and communities they represent. With the beneficiaries ` participation and consent, the CDC’s identify priority needs, participate in planning and design of projects, implement project activities and are responsible for the maintenance of the project-developed assets (ILO, 1993).

Box 1.3 THE COMMUNITY EMPLOYMENT PROGRAMME (CEP)

| | |
|-----------------------|---|
| The Financier: | Govt. of South Africa through the National Public Works Programme. |
| Executing agency: | Independent Development Trust (IDT) |
| Contractor: | Community Committees |
| Beneficiaries: | Communities |
| Technical assistance: | Private Sector Consultants, Dept. of Public Works Officials, Training Providers |

The IDT, through their facilitators in the field, assisted communities to prepare project proposals for consideration by IDT. An agreement was signed by the Community Committee and IDT for the implementation of the project. Based on this agreement funds were advanced to the community committee for training and technical services. Empowerment of the community was a major aim of the programme. The Community Committee received technical assistance to prepare and implement the contracts. Technical assistance was provided to the CC in the form of contract management, legal and book-keeping issues and committee procedures. Where the local technical skills were unavailable and short term training was not possible, the work was subcontracted out by the community. Notable issues in the contract situation:

- As representatives of the community the CC played a key role in representing the beneficiaries at all stages of the process. The committee also acted as contractor. They were responsible to both the executing agents and the community for the implementation of the works.
- The IDT were an integral part of the process, they were the executing agency and provided general support to the community.
- Technical assistance was from private sources or accessed through Government departments. In some cases the consultant/department had excellent relations with the community, in other cases difficulties were experienced with the quality of the technical advice or with the reluctance of the communities to pay consulting fees once they were submitted.

The technical quality of assets produced under CEP generally exceeds that of most other community based works programmes in Sub-Saharan Africa. Maintenance and sustainability have not been tested as most projects are only recently completed.

Source: ILO: Hanna Nassif Community Upgrading Project, Dar es Salam, 1998.

Implementing community contracts depends not only on the works to be undertaken and the type of the contract agreed on (see below) but also on the strength of the CBO and its internal capacity to implement the tasks specified in the agreement. It is important to assess the capacity of the community in carrying out the works before entering into a contract. The table below presents a summary of the different roles that the principal actors can play in contracted major and minor works. The main actors of interest to this study are the **Communities, Local Government** and the **NGOs**, and the main types of activity are the **Minor Works**. It is in this scenario and with these actors that the study wishes to explore the complex and difficult actions of 'negotiation' and the formulation of a contract between two or more parties. As we can see from the chart

below, in each of these categories of actors and works there is a strong emphasis on these two processes; in particular the several stages of the negotiations to determine communities' involvement in minor works and the contractual process between these communities and local government. Quite clearly these are complex processes often involving terminologies and stages which are interpreted and practiced differently in different cultures. They are also inevitably strongly influenced by power relations at the community and municipal level and they can often be viewed with suspicion by more established groups.

COMMUNITY CONTRACTS FOR MAJOR AND MINOR WORKS: ACTORS

| ACTORS | MAJOR WORKS | MINOR WORKS |
|-------------------------|--|---|
| Individuals | Take paid employment Pay taxes | * contribute labour & cash * take paid employment * build/improve own house |
| Communities | * execute subcontract locally | * form dev. Cttees. * decide priorities * collect local contributions * sign contract * execute works |
| Small scale Contractors | * execute subcontracts | * specialist jobs |
| Large-scale contractors | Execute large contracts Give out sub-contracts | * no role |
| Local government | * organize tendering * technical control * support contractor training | * technical support and control * issue contract to community |
| NGOs | * limited role | * technical support * administrative support |

Source: Lyby, E. (1992).

A review of the literature on the issue of different forms of contract has revealed a general paucity of examples. However the approach is beginning to take hold and various studies have explained the nature and the content of the contracts which they employ. A summary of the findings of this review can be found in diagrammatic form below, with an assessment of what the different studies felt were the main advantages and disadvantages of the three most common types of contract: **labour only**, **labour and material** and **full contract**. To date there are not sufficient examples for us to be able to

suggest which is the relative preponderance of each form of contract. Clearly, however, the **labour only** contract is the simplest form and one which appears to be the more common. But even that requires support at the community level if the community does not have the skills or the knowledge to manage the administrative and financial demands. Clearly also there is a natural progression in the forms of contract and it could be expected that, as communities gain experience, they may begin to take on more demanding but lucrative contracts. The table below summarises the current state of play:

OVERVIEW OF DIFFERENT CONTRACT FORMS

| CONTRACT TYPE | ADVANTAGES | DISADVANTAGES |
|---------------------|--|---|
| Labour only | Relatively simple for theCommunity to organise. | Responsibility for funds, materials, technical direction have to be carried by either the municipal authority or some other support agency. It could limit the development of the community and their ability to organise other works. |
| Labour and Material | Less responsibility is placed on municipal authorities.Communitie s gain more experience in management. Tendency to use local suppliers, boosting the economy in the area. | Materials may have to be carefully checked to ensure that the quality is adequate. Technical assistance needed from Municipal Authority or support agency. |
| Full Contract | All responsibility passes to the community including the technical execution of the works. This relieves any burden that may be placed on the Municipal authority. | Can only be done with technical assistance from the private sector, government or an NGO. The communities need to develop a good understanding of planning and organising the management and construction of the works. The community may not appreciate the need for good technical advice, and the cost of that advice if provided by the private sector. This could lead to heavy dependence on the support agency, which may or may not be a signatory to the contract. |

Source: ILO/ASIST,1998

Before this study the only substantial piece of research which that has been undertaken on the subject of the contract approach, has been the one in East Africa under the joint sponsorship of ILO/ASIST. This research was nearing completion at the time of completion of this study and it is expected to produce detailed practical guides to community contracting based on experiences in East Africa (see Tourne and van Esch,1998). The publications from this research to date suggest that the findings will be presented in a practical and manual type guide which should serve as a most useful tool for field workers. The research focuses on CBOs – community based organisations –

which become involved in the bargaining and negotiating which are the basis of the contract approach. The research strongly underlines the active role that these CBOs play in community infrastructure works and the sense of ownership which they are able to generate among their members. The main findings are the research are expected in 1999 and will prove an invaluable guide to the various procedures and mechanisms of the contract approach.

FACTORS WHICH CAN INFLUENCE THE PERFORMANCE OF THE CONTRACT APPROACH

Kuiper's (undated) review of Community Contracts is most useful in summarising what she argues are the benefits which such an approach could promote:

- a relationship based on "partnership" between local communities and local governments;
- greater community control over infrastructure investment;
- the strengthening of "democratic forces" in the process of negotiation;
- social and political recognition of community based organisations;
- better communication and information sharing.

Kuiper's and other studies confirm the potential of the "contract approach" in the sense of promoting the broader development of the communities involved. These studies, however, tend to confirm that to date programmes and projects, which have adopted a "contract approach" to community based infrastructure or other physical improvement projects, have placed the emphasis on the formal contract, and the delivery by the community of certain specific inputs, or the meeting of certain specific targets, within the contract's specifications. Community contracts, however, involve a much broader number of stages and will inevitably be subject to a whole range of political, cultural and economic factors operating at the community level. A review of some literature on the community contract approach to date suggests that the following are some of the key issues which influence their effectiveness and performance:

- i) A contract approach may only function effectively if certain **pre-conditions** are in place at the beginning of the process. These include: a target group organisation, favourable local or national government policies towards community development, a minimum degree of efficiency of the community organisation, the legal situation of the target group organisation and a general enabling environment for development activities at the community level. The degree of administrative decentralisation, and thus the ability of local government to enter into community level contracts, is also important.

- ii) The **nature, purpose and content** of the contract will also be critical in terms of its ability to promote the broader purposes which we saw above. Contracts will vary in type and will include such issues as : allocation of responsibilities, determining contributions and inputs, rights and legal obligations, work to be undertaken, disbursement arrangements. Contracts for the building of infrastructure works, contracts for access to financial resources and contracts for administrative or managerial services will each make different demands on possibly inexperienced communities.
- iii) Written "contracts" and "negotiations" are basically western concepts and may be alien to the local **culture**, where the tradition may be more one of verbal agreements; as such local communities may misunderstand them; furthermore, development agencies used to more authoritarian or paternalistic approaches may not know how to handle them. Similarly local power relations may make it difficult to think meaningfully of "negotiations" and established development practice may find it difficult to accept local people as equal negotiating partners.
- iv) A key factor in the community contract approach is the strength and the potential of the **community organisation** which will take the lead in representing the interest of the target group and negotiating on their behalf access to development resources. Clearly in such a task the stronger, more broad based organisation will be more effective. In this respect it will be important to verify the "common interest" which binds the members together and the extent to which the organisation has been able to build links with similar organisations and even enter into negotiating alliances. It would be interesting to see how far the more formalised structures, such as Unions and Cooperatives, have begun to link up and support groups in the informal sector and sought to pass on to them some of their own experience in the crucial areas of, for example, negotiating and bargaining. The strength of the community organisation will be fundamental in determining how far it is able to promote the development of the community.
- v) Few formal community organisations of urban or rural poor people will have the experience or the skills initially to enter into some form of formal contractual arrangement with an external development agency or government department. In this context **community capacity building** will be critical and must be available if the organisation is to be able to prepare itself for the tasks. Capacity building is an emerging area of development agency concern and it must accompany efforts to promote greater community participation in development via the contract approach. In most instances, the situation depends on the presence of an NGO to undertake this critical training.

NEGOTIATION AND COMMUNITY DEVELOPMENT

Negotiation with the target communities is part and parcel of the contract approach, and precedes the signing of the contract. It is an important opportunity for all parties concerned to discuss and examine all the aspects of micro-projects - choice of project, technical options, contributions, cost-sharing arrangements, timing, maintenance and responsibilities - with the aim of reaching a mutual and beneficial agreement. Although reaching an agreement might be seen by the target communities as an outcome of a successful negotiation, this, however, needs to be within the context of the communities' capacity to honour its part of the agreement. In most pilot-projects where the contract approach has been introduced, contract negotiations on behalf of the community organisation with the funding-body, is one of the responsibilities allocated to a Community Development Committee, or some other such community level representative body. The introduction of a negotiation process in formerly unorganised and disadvantaged communities has often provided them with an opportunity to engage in negotiations related not only to their economic and social interests, but also to their individual and collective rights. This could prove to be one of the most effective means of alleviating poverty and extending social protection. It changes the status of the poor people from being traditional "beneficiaries" into "actors" as a result of a process of negotiation. This can be illustrated in the following example:



Box 1.4 MANAGEMENT OF FOREST RESOURCES IN THE KITA DISTRICT - MALI

In 1990, a pilot-project "Management of Forest Resources in the Kita District", was launched funded by Norway and the UNDP with the participation of ILO. The project's main objectives were to create sustainable employment and income, promote social organisation and contribute to preserving the area's natural resources. Through a participatory community contract approach, village communities have successfully negotiated community contracts with the Forest Department. Contract written in French or local language, stipulates the rights and obligations of the village by which they assume responsibilities to protect, maintain and develop the national forest reserve in return for certain felling rights and an employment priority for their members in reforestation works. Prior to the contract agreement, the Project Management, together with the Animator (a villager), explains the project objectives to the village. After contract signature, the villagers received directives and training concerning methods of cutting and species to be preserved. The arrangement not only has succeeded in eliminating the typical spiral of illegal land clearance and repression, but also provided the village community with economic environmental and social gains. This was illustrated by one villager's comment about the project " The project has righted an injustice - it has returned the forest to the poor ".

Source : Carmen Aalbers, 1997

The "contract approach" has become a generic term for a development approach which seeks to include community common interest groups in development activities on the base of a formal agreement between the community and the providers of resources. The approach must be seen within the broader context of the continuing and ever strengthening efforts to break the seclusion of the urban and rural poor and to create the means whereby they can more fully participate in societal development. Resources and power lie at the centre of such objectives and the "contract approach" would appear, in certain circumstances, to facilitate the processes involved. If, however, the contract approach is merely seen as a mechanism to facilitate infrastructure works and to make local resources (cheaply) available to project management, then its potential will be limited and indeed it might exacerbate an already unequal situation. If, on the other hand, the contract approach stresses processes of community **organisation, dialogue and negotiation** and also the social, as opposed to the purely physical, development of poor communities, then its potential will be more positive since it offers the possibility to the poor of direct access to resources and bargaining with authority. Similarly a broader contract approach offers the possibility of developing important skills at the community level and of using those skills to strengthen the position of informal community organisations.

Furthermore, the contract approach helps to underline "negotiation" as a key operating principle of development intervention and as a basic means of ensuring effective community participation in both local government and donor agency supported development programmes and projects. When seen in this broader perspective, a contract approach could become a useful tool both in helping excluded groups formally gain access to resources for development and, at the same time, strengthening local skills and organisation for future development. The Contract Approach is essentially to do with establishing a negotiated relationship between excluded groups and those who are able to provide resources for development. The approach, however, is not merely to

do with outputs or targets, but with developing relationships, skills and abilities. Community level organisation and negotiation lie at the heart of the approach and these are fundamental for any excluded group which wishes to gain access to resources.

CONCLUDING COMMENT

The purpose of this research has been to explore a relatively new field in the general area of development studies. While there is no shortage of both practice and field based studies on urban and rural communities and the many complex and qualitative processes associated with their development, the focus specifically on the concepts of contract and negotiation is relatively new and, to date, neither has been the subject of any substantial research. While clearly addressing issues at the macro level and looking at how community based groups and organisations have come together and entered the stage of national policy formulation, this research has sought principally to examine the processes at the community level. It has been particularly concerned to document and understand how these processes begin, what stages they go through, what factors can influence their development and where can they lead. Community level experience of contracting and negotiating may be the start of a lengthy process of engagement with local authorities and other development agencies, and also the basis from which such groups make contact with broader networks and become party of larger movements. These are the processes which we would hope to illustrate in the case studies which follow.

CHAPTER 2 : THE CASE STUDIES

In order to explore the broad, central concepts of the research it was decided to commission a series of case studies in a number of selected countries. These studies were selected by using a number of criteria; geographic, sector, urban/rural and the wish to mix a number of well established contract approaches – eg Nepal – with emerging and less formal understandings of the practice. The case studies had four common purposes:

- ❑ to undertake a series of country based studies which will examine the central concepts in several different scenarios
- ❑ to analyse the concepts of 'organisation', 'negotiation' and 'contracting' and explain their meaning in the context of the case study
- ❑ to examine the 'contract approach' in development programmes and projects and to detail its effect in terms of helping the poor to gain access to resources and also improving their lives
- ❑ to assess the current strength of the 'contract approach' in development practice and examine its potential for helping poor groups gain access to resources for development

The seven countries selected for the case studies were: Brasil, Bolivia, Egypt, South Africa, Ghana, Nepal and Bangladesh. The seven principal researchers met at the ILO Training Centre in Turin in September, 1998, at which time initial presentations were made on the proposed focus of the research in each country. Given the fact that the research was being undertaken in a number of countries, it was argued that it was important to ensure a minimum common structure in order that there would be some coherence in its findings. It was decided, therefore, to propose a framework for the research which could serve as a basic reference for the principal researchers and which could ensure that there would be sufficient commonality between the different country research programmes to allow both for comparisons and also for drawing conclusions. This **framework** contained the following basic elements:

- ❑ The Context of the Case Study
- ❑ The Focus of the Research in the sense of the Nature of the Contract Approach which was being studied
- ❑ A Critical Review of the Contract Approach
- ❑ Effects and Outcomes of the Contract Approach
- ❑ Potential and Future Perspectives of the Contract Approach

It was suggested, therefore, that principal researchers use the above framework as a broad guide to help them in directing their research programmes; but they should be prepared to adapt it as appropriate to demands of their particular research. It was

certainly not the intention of the proposed research structure to serve as any kind of straight-jacket and oblige researchers to follow a particular format; its intention was purely to ensure a strong element of homogeneity between seven research programmes examining the same issues in seven different countries. The difficulties associated with trying to 'pull together' diffuse, multi-country research can be appreciated in the different foci of the selected case studies:

| | |
|---------------|---|
| Brasil: | Community Management of Housing Construction |
| Bolivia: | Forest Management in the Communities of El Chore |
| Egypt: | Urban Community Development |
| South Africa: | Community Water Supply Projects |
| Ghana: | Three Development Programmes: Water and Sanitation, Community Management and Irrigation |
| Bangladesh: | The Experience of Labour Contracting Societies |
| Nepal: | Water Users' Associations in Government Irrigation Schemes |

The research for the case studies began in October, 1998, and was completed at different intervals in early 1999. Each of the principal researchers presented a full and detailed report on his/her findings which have been edited and prepared separately as individual documents. These individual case studies constitute the substantial output of this research programme. For the purposes of this Overview Report each of the seven Case Studies has been summarised and these summaries are presented below. The overall findings and conclusions deriving from the seven case studies are then presented in chapter 3.

Our approach to the presentation of shortened versions of the case studies in this Overview Report is one of extracting from each study what critically they can teach us about the Contract Approach. Inevitably in a study which encompasses such a wide range of different contexts, the case studies have approached the central theme from different angles. As we can see above, the contexts of each of the studies vary enormously; from, for example, the more formalised understanding of the Contract Approach through government labour intensive schemes in Nepal and Bangladesh, to the less defined use of the approach in the community driven development work in the cases in Brazil, South Africa and Egypt. Finally the Bolivia case study examines the approach within the context of community involvement in forestry management. We shall present in this Overview Report, therefore, shortened versions of the seven complete case studies and seek to assess how and to what extent they contribute to building our knowledge on the potential of the Contract Approach to both facilitating the access of poor groups to resources and, equally importantly, to promoting viable community organisations. It is important, however, to bear in mind that the case studies have been based on only a short period of field work and that they present a general understanding of the Contract Approach at this moment in different contexts. This has been the purpose of the Study and as such it should be read on those terms.

2.1 BRAZIL: COMMUNITY MANAGEMENT OF HOUSING CONSTRUCTION

NATIONAL CONTEXT

The last two decades have seen Brazil emerge from a 30-year military dictatorship, where participation was considered subversion, to a society that is gradually building participatory forms of citizenship. During the 1980s the political parties were reorganised and social movements and community associations were permitted to establish themselves. At the same time Brazil experienced an economic crisis, with growing unemployment and poverty. Initiatives to overcome the crisis in the 1990's have not included wealth redistribution. When President Cardoso took office in 1994, and in his re-election campaign, he pledged to address social issues. However there is a great gap between promises and social achievements. In 1995 Brazil had



the highest social inequality in the world; 51,3% of all national wealth is concentrated in the hands of a mere 10% of the population. The poorest 20% hold a paltry 2,1% of national wealth. Data of the 1991 census shows that 64,6% of Brazilian children up to age 6 live in poor families. The poor are defined as those who live in a home where the head of the family earns about 2 minimum salaries, roughly US\$ 218 a month. This gives a figure of approx. US\$1.5 per capita per day for a poor family assuming an average family size of five. Government organisations recognise that the 32 million considered to be the poorest people should be the object of assistance programs.

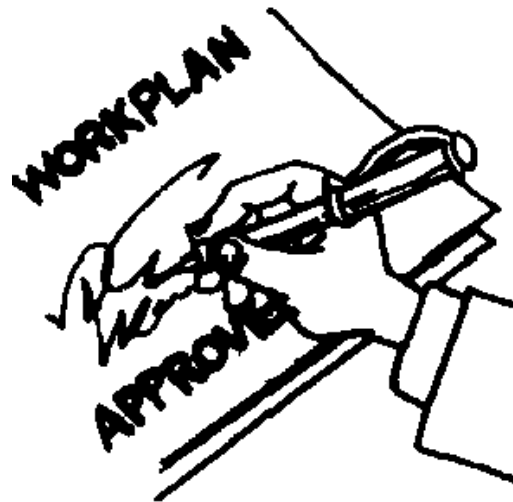
The social welfare and basic services system built up over the past decades in Brazil is highly centralised. It works on a clear division of private and public social services and is profoundly discriminatory and unjust. The "Comunidade Solidária" is the principal program to combat poverty. Its governing body is made up of TV personalities and of society in general, but not by representatives of the organised social sector. The participation of the organised social forces that composed the great democratisation movement of Brazilian society in the 80s and early 90s is not encouraged. Constructive criticism is considered either unimportant or dangerous.

At the same time current national policies encourage decentralisation and there is a strong tendency towards supporting community initiatives of groups that are organised and that will involve negotiation and contracting. The concept of state and public is

changing. There is a growing awareness that organised society is capable of administering public goods and services for the population at large. Civil society organisations plan, administer and evaluate the use of public funds that are made available to them to develop projects that attend the needs and interests of the population. Both community groups and NGOs have access to city and state public funds for developing projects. The contracts include: pre school education and day care centres; youth centres; popular housing contracts made both with the city and the state governments; and "task forces" - a labour-intensive initiative used to help the population build infrastructure, but mainly to give them income during the severe droughts in the north-east of Brazil. Community needs have also become an interest for modern business that wants to promote charity, present a social image and make the market available to new participants. Both NGOs and community groups have access to these funds and are able to negotiate contracts that attend specific needs.

FOCUS OF THE STUDY

The primary focus of this study is four community associations and their internal and external relations. More specifically, the persons in the community and their forms of organisation, and how these relate to the organised forces in society which influence them and the contracts. Some of these are: a) the Catholic Church's pastoral movement for housing; b) NGOs like the Housing Movements Union, that were organised to give technical support; c) the political party that is formed by persons who participate in social movements and in unions; and d) the social movements themselves.



The Pastoral Action (PA) of the Catholic Church in Brazil takes on social issues as decided by the Bishops. PA works with Christian Base Community groups (CEB). The CEBs are not exclusively Catholic groups and it is in these smaller groups that experiences in living together and establishing rules and regulations are made and carried out. Movements that collectively represent all the community managed self-help housing projects are important in strengthening their capacity. The Housing Movements Union (HMU) is one of them. Another is the "Mutirão" Forum of São Paulo, which was formed after the municipal administration in 1992 stopped all the on-going and possible future self-help housing projects. This group was formed to follow up the release of funds for the projects that were underway with a formal contract approved.

The communities represent different moments in the history of community managed self-help housing projects. Two of them, Vila Mara and Rio das Pedras, began at the end of the 1980's, at a time when the municipal political situation was very favourable. The contracts were made with the city government. These experiences will permit an analysis not only of the development of the activity during this politically positive period, but also the obstacles that arose when the political situation changed and new approaches were advanced. Two other experiences, Portal da Juta and Dom Luciano, are more recent.

Because of the present unfavourable conditions with the city government, negotiations and contracts have been made with the state government. Also, the on-going discussion of the difficulties that have been encountered by the groups over these 10 years have resulted in new forms of negotiation and contracting.

CRITICALLY REVIEWING THE CONTRACT APPROACH

The Vila Mara and the Rio das Pedras Communities

The Vila Mara and Rio das Pedras communities are situated within the district of São Miguel Paulista of the city of São Paulo. The members of the Vila Mara Association have been active since 1982. Together with social movements and CEBs, they have fought for street paving, crèches, basic sanitation, transportation, public health services, schools and other social needs of the community. The Rio das Pedras group participates in the “roofless” movement, which started organising itself in 1984 and also meets in several Church communities. This is a very poor region and its population originates mainly from the northeastern states of Brazil. Few streets are paved, basic sanitation is usually not available, public transport is difficult. In short, basic social necessities are hard to come by. The struggle for housing, as an organised movement, began to take shape at the time when the Brazilian economy was undergoing one of the highest inflation rates in its history and rents spiralled to impossible heights. In 1985 45 families “occupied” an area in this region and built shacks in which to live. Within 15 days they were brutally removed. The group leaders tried to negotiate with the municipal government but were unsuccessful. In 1989 Luiza Erundina, a member of the Workers’ Party, was elected mayor, and the Popular Democratic Government of the city of São Paulo was installed. The new staff at the Municipal Housing Secretariat was committed to the housing movements and many of them had been part of advisory groups working with the associations in previous governments. With this new situation it was possible for negotiation to begin.

When the community-managed self-help housing projects were discussed, it was first necessary to sort out what kind of construction to plan. The municipal government proposed a vertical construction for a better utilisation of the land, while the association wanted individual homes, both ground level and two storey houses. Many meetings were held at which the issues were heatedly discussed, and the vertical project was finally but reluctantly accepted. The tract of land would be divided in two – one part for the Vila Mara Association and the other part for the Rio das Pedras housing project.

The city government had 252 popular housing projects underway in 1991 and, of these, 80 were with community associations building homes in the community-managed self-help projects regime. When this government was replaced in 1992 more than 50% of the housing projects of Vila Mara had been built. The new mayor suspended financing until all the community managed self-help projects were audited. After this, money started to trickle back to the self-help projects, but the funding interruption had disastrous effects on community morale. In Vila Mara at present, 85% of the construction has been completed, but 10 years of extra work on weekends has taken its toll on the people’s vitality. Rio das Pedras has finished, but the population had to give money, which they raised by promoting bazaars, raffles and other kinds of simple moneymaking endeavours.

The Portal da Juta and the Dom Luciano Communities

These two communities are within the "Fazenda da Juta" of the city of São Paulo. Several housing projects are in various stages of construction; both community-managed self-help ones and those handed over to contracting firms. The Portal da Juta and the Dom Luciano housing projects have the same background, but are at different stages of construction. The population that participates in these projects lives on minimum incomes; few of them have a regular job and most get their income in the informal market. They are families that live in rented quarters or with other members of their family.

Community-managed self-help groups that are selected by the PA of the Church and the HMU have been following the same methodology over the years. The original groups of these communities began to meet in 1987 and some of them have been discussing housing issues for over 10 years, proposing ideas and organising public manifestations to bring the issue to the attention of a larger public. On May 1 1996 the state governor promised to support community managed self-help housing in this region and in December a protocol of intentions was signed. In February 1997 the ground levelling and filling was carried out while the contracts with the government as well as with the technical assistance were prepared. The families that would integrate the self-help group were chosen. Then another level of negotiation began. The families refused to build their homes according to the pre-established standard, which they defined as "toothpick holders". Negotiations were carried out by a great number of public manifestations, putting pressure on the government. On December 30 the order to begin work was given. The Company for Housing and Urban Development (CDHU) is the government organ responsible for the project in contracts with the state government.

These self-help projects offer opportunities for training in skills such as hydraulics, electrics and brick laying. A self-help worker who puts in his free time on weekends can be hired as a specialised worker during the week. Women play an important role in the day-to-day work, participate in negotiation processes and hold key positions in the umbrella organisations. The community-managed self-help groups decide how the work will be carried out: They choose the participants, prepare the project, manage and execute it. The movement gets stronger with these responsibilities and takes on political significance, increases its executive ability and opens up opportunities for new leadership. One of the first steps is the drawing up of bylaws that stipulate how the self-help project will be carried out. These bylaws usually determine rights and obligations of the participants. At the beginning of the work various challenges emerge. The good setting up of the site is a key to the efficient running of the project. A classical example is: "What are we going to do with the children while we work?" It is quite common to first build a makeshift, temporary building, which acts as a day care centre for the children of the self-help workers. Another problem is how to establish and run a community kitchen. The discussion is not only about setting it up, but also for example about what kind of meals will be served. In other words, a participatory process is at the heart of the core issues from the beginning and this is a schooling process for democratic practices.

After the contract is signed, the first instalment of the money is released. From this point on, on a monthly basis, the construction will be technically measured by government representatives (city or state, depending on the contract) and expense accounts will be made for that period. If the measured results and the accounting are approved, new funds are released for the next period. The building project is usually the basic construction work and does not include the finishing work such as internal painting,

flooring and installations. Community members make savings during the time they are building in order to have funds for this at the end of the basic project. This work opens opportunities relating to other housing-relevant issues, such as land use, ecology and pollution. It is also important to carry over the experience in community management to other areas and maintain the organisation active. In many projects, the community discussion continues and demands are made for education, pre-school and basic health services, opportunities for leisure and for collective production.

The Pastoral Housing Movement of the Archdiocese of São Paulo

In the 1970's and the beginning of the 1980's Pastoral Action for housing was carried out within the CEBs. Discussion groups were held and the groups were advised what could be done if there was need to fight for sewage, for running water or for paving streets and other such immediate issues. For the social movements of the 1980's it was not difficult to go a step further and organise movements for more general issues such as day-care centres and minimum rates for water and electricity. Civil society began to organise itself beyond the immediate community interests to fight for the rights of living decently and exercising their rights as citizens. This would not have happened in such short time if the grass-root groups had not learned community organisation in the CEBs. The Pastoral Activities took the housing problem into the discussion groups. The communities went through different phases in their approach to housing; a) dividing the land on which each one made their own house with no overall planning b) the community taking on the job of managing, hiring technical aid, developing the overall urbanisation project, signing a contract with the government and receiving funds to construct homes in a community managed self-help project.

The Umbrella Groups

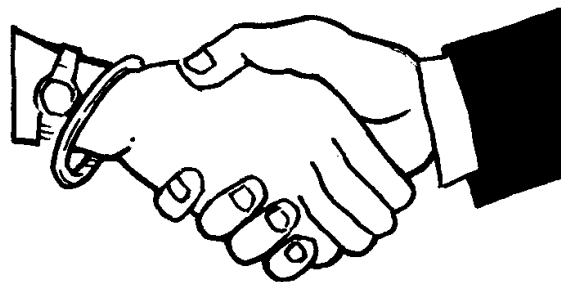
Two of the umbrella organisations which are significant in community managed self-help projects are the Housing Movements Union and the "Mutirão" Forum. The HMU supports the community-managed self-help groups by participating in setting them up, by following up the process of negotiation with the government and by providing advisory services. The HMU has a governing body in which representatives of the different regions of São Paulo participate. Each group delegates a member to a regional executive office, which in their turn nominate a member to the executive office of the Union. The "Mutirão" Forum of São Paulo was formed after the municipal administration in 1992 interrupted all the on-going and possible future self-help housing projects. Its objective was to give juridical and technical assistance to the self-help groups already installed and that have had difficulty in having their funds released, in order to continue the work. With the families' participation, the Forum has managed to combine mobilisation with negotiation by organising manifestations, occupying buildings, holding meetings with an agenda that includes negotiation.

THE CONTRACTS

We will examine the major differences between municipal agreements and state contracts, definition of rights and obligations, improvement in contracts, and learning process in contract negotiation. First some common features of the contracts: The beneficiaries are self-help workers, disciplining bylaws are established for the construction platform, costs are included in the contracts, monthly accounts are rendered and the contracts are signed by the association, the government and the technical assistance body. Some of the differences between a municipal agreements and state contracts are:

- i)** Only in the municipal agreements is the size of the house fixed. The time to execute the project is fixed to 15 months, planning and budgets are defined, and, besides the contract, each family signs a commitment.
- ii)** In municipal agreements land belongs to CDHU and self-help workers are privileged buyers of the units, while in state contracts the land belongs to the city government, and units are paid for without the right to proprietorship.
- iii)** In municipal agreements projects and technical assistance are chosen by an existing listing at the CDHU, while in state contracts this assistance is freely elaborated within the cost limit.
- iv)** In municipal agreements the funding comes from a percentage of the ICMS (tax on merchandise and services), in state contracts funds come from FUNAPS.

Neither contract gives any guarantee to the self-help workers' groups who have adequately presented accounts, according to established norms, in cases of interruption of funding or of change of government. This has resulted in serious problems for the participants in the projects. At the beginning the population was enthused with the possibility of building their own homes and finally having a decent place to live. Over the years, assisted by social workers, architects and engineers, hundreds of housing complexes were being built in community-managed self-help projects. Discussions in local meetings, seminars carried out by umbrella groups and even the day-to-day problems brought up at the construction sites led to the elaboration of a new agreement on duties and obligations within the contractual clauses. These debates also brought about the discussion of construction security, insurance and the like. All this will bring about changes in new contracts that are being drawn up today.



SUMMARY OF HOW THE PROGRAMME IS CURRENTLY CARRIED OUT

The following summarises how a self-help group is chosen, who it negotiates with and what relations are established. It also indicates the responsibilities that are taken on by each one of the stakeholders

- The self-help group registers as an Association (A) and informs about the income and housing profiles of the participants. The CDHU analyses and approves the A.
- Technical Assistance (TA) groups register for the program with CDHU.
- The area for building is selected. The TA group makes a preliminary study of construction feasibility. The A presents a proposal for the area, which is approved by the CDHU. The A buys the property.
- The CDHU elaborate a Protocol of Intentions and contracts the TA and the A.
- The TA prepares the project, which is analysed and approved by the A and the CDHU. Funds are then liberated by the CDHU to the A.
- Demolition, drainage, earth moving and levelling are done, supervised by the TA and followed up by the A. TA makes construction measurements. The CDHU checks measurements and releases funds to the A, which pays contractors.
- Families indicated by the A are registered with the CDHU, and insurance is prepared.
- A organises the group, accompanied by a social worker and supervised by the CDHU.
- Perforation, drilling and technical work is undertaken. The TA defines location and advises the A on contracting, the CDHU checks measurements and releases funds, and the A follows up and pays contractor.
- From this stage and throughout the building period the TA draws up plans and supervises, designs and measures the work monthly. The CDHU checks measurements and releases funds; and the A buys materials, administers financial resources, pays contractors and carries out some of the work.
- Accounting and accountability: The TA gives technical information to the A which hires chartered accountants, the CDHU receives monthly accounts which are approved.
- Marketing the building project: The TA advises the finished work, legalising all aspects of it. CDHU prepares contracts, and A accompanies contract signing.

EFFECTS OF THE CONTRACT APPROACH

- ❑ **Politics:** The early experiences in community-managed self-help housing projects began when the Workers' Party was in power in the city of São Paulo in the late 1980's and early 1990's. The project achieved significant results as the movement grew and gained recognition. Its members became affiliated to political parties and stood as candidates for city, state or federal representatives, which has made it easier for the population to make its voice heard. However, instead of negotiating and making public demonstrations, this sometimes leads community members to solve problems by going to their new friends in office. It's important that participatory procedures are preserved.
- ❑ **Power:** Whenever money is administered or distributed, power relations come into play and have to be dealt with. The communities experienced power struggles on all levels. One example is a man who wanted to be the overseer of a condominium. He went around getting signatures and competed with the community association. One of his demands was that he be exempt from paying the electricity bill. Another person, who was designated co-ordinator of the project thought he had the right to boss the others around. Technical assistance groups organised themselves to attend to the communities' needs and competed for the available contracts. The communities also experienced government agencies interfering in their decisions. They ended up losing substantial political and economical bargaining power. The power struggles helped people better understand community relations and as a result community groups are more consolidated and more capable.
- ❑ **Women:** Between 70 and 80% of the self-help workers are women. They play an important role in negotiating and contracting. It seems that they have taken on leading roles because they feel at ease discussing housing. The National Housing Movements Union is currently co-ordinated by a woman; an example of female presence at all levels.
- ❑ **Access for the Poor to Resources for Development:** In order for the poor to have access to resources for development, they need certain "social capital" characteristics. One could presume that the really poor and excluded would not have access to development funds though the "contract approach", as they would not have the necessary social organisation. However, both the PA and the HMU seek to develop the basic community skills of the most excluded groups.
- ❑ **Other Forms of Contracting resulting from the Housing Experience:** Having gained experience in managing contracts, the communities are pushing for new ones to solve other problems. For example, the Rio das Pedras Community Association is working towards establishing contracts for building a youth centre and for holding professional training courses; and the Vila Mara Association has made an informal contract for a computer course.
- ❑ **National Repercussions and Spin-Offs:** The housing movement has had many significant results, including the new "contract approach". The movement is now national, causing different spin-offs in several states. At its national assembly 1998 the National HMU issued some common demands against social exclusion including access to dignified housing for the low-income population. It also stated its ambition to intensify its community-management experiences and extend popular participation as an instrument for promoting citizenship.

FUTURE PERSPECTIVES

Although there are positive results and the homes are constructed according to plans proposed by the population, there are a number of **disadvantages of the contract approach**:

- ❑ the slow pace of government bureaucracy and the consequences of this in carrying out the work on schedule
- ❑ the difficulties of a change in government every four years, especially when their priorities and methodology are diametrically opposed
- ❑ contracts are not a safeguard against politicking
- ❑ contracts do not necessarily guarantee that each step will be honoured within the expected time, which demands public pressure for all the phases to be fulfilled
- ❑ the enormous strain on a population already burdened with survival difficulties.

These difficulties do not, however, diminish the appeal of the contact approach. The three proposed actions – organising, negotiating and contracting – form a basis for the sustained promotion of community interests. This, in turn, leads to more active community participation in local development issues. The programmes do not only build homes, they also develop citizens. This is shown in the words of a self-help worker of one of the very first projects. Having built her home, she now assists other projects that are being developed.

"It is a great responsibility. You have to show you can do it, be accountable, and make things happen...At the beginning, we had to go after the suppliers in order to negotiate all the material we needed. Today the suppliers believe in the movement, today the suppliers look for us...Really big suppliers in construction material! They come and look for us and they believe we will pay our bills!"

These words paint a clear picture, one not only of a well-administered project, but also a growth in self-esteem and social responsibility. Self-esteem is a necessary first step to successful organisation; social responsibility is needed for negotiating and contracting. The programmes are a strong way of empowering the community and developing the social skills of its members. Community meetings and discussion groups enable people to no longer see public funds as a "favour granted" but as a "basic right conquered" and as a result of the hard work that is put in by each individual.

Another advantage of the contract approach is the opportunity for training and qualifications for the community. The self-help project needs professionals of various types. Some of the participants are already qualified and work is given to them. Some want to become involved and go to training workshops run by the PA and by the HMU. A group that is organised does not always have the necessary skills for administering a project. The communities involved in the projects have now achieved a high degree of administrative skills and abilities, such as learning how to save and how to economise. When a community has to administer public funds, this opens possibilities for further negotiation and contracting, as well as being a learning experience.

The programme also guarantees a better quality of whatever is being offered, because there is no better quality control than the future owner as an overseer. The National HMU is a good indication that replication of the experience is possible. This is occurring in six other states. The proposed action studied here, summed up in the expression "organisation, negotiation and contracting", can be defined as management of public funds by a group of persons who have an interest in how it is applied and who will benefit from its execution. This indicates, among other things, that there is a real transfer of power from the State to civil society and it can be shown that this process strengthens democracy. The challenge, however, is in determining where and with whom to begin. If the "contract approach" is successful in some cases, it is because there is a minimum of social capital already available to carry it out. When this is the case, the groups have shown capacity to sustain the momentum they have created.

Concluding Comment

Given the strength of community level organising in Brazil and other parts of Latin America, this case study is particularly strong on documenting the processes of community involvement. Community groups in shanty towns around Sao Paulo and other large cities in Brazil share many 'common interests' and these interests form the basis of their solidarity. Activities and organisation around these common interests are at the core of much urban community development work in Latin America and the Sao Paulo examples are illustrative of this movement. In this case study the 'housing' represents the 'common interest' and we are given a vivid picture of how these Housing Associations interact with government departments in an effort to improve the housing stock of their members. The full study describes in detail the strengths and weaknesses of the associations in these relationships, but also the solidarity of the common interest. The study appears to confirm not only the difficulties that community groups confront in dealing with government agencies, but also the strengths and skills that they achieve in this process.. Negotiating and implementing contracts are indeed a means by which these community groups can sharpen their skills for future encounters.

GLOSSARY OF TERMS:

| | |
|---------------|---|
| CEB | Christian Base Community groups |
| CDHU | The Company for Housing and Urban Development |
| FUNAPS | Fund Assisting Populations Residing in Sub-Normal Housing |
| HMU | Housing Movements Union |
| PA | Pastoral Action |
| TA | Technical Assistance |

2.2. BOLIVIA: FOREST MANAGEMENT IN THE COMMUNITIES OF EL CHORE

THE NATIONAL CONTEXT

In Bolivia, the area covered by forest in 1993 was 53.4 million hectares, equivalent to 49% of the country's total surface area. Just over 80% of forests are situated in the lowlands, which in 1992 had approximately 2.1 million inhabitants. 810,000 of these lived in rural areas, most of them in the newly settled areas of the departments Santa Cruz, Cochabamba and La Paz. Economic activities are agriculture and commercial stock breeding, small-scale food production, coca cultivation, logging, harvesting non-timber forest products, mining, and extracting oil and natural gas. Large-scale mechanised production of soya and commercial timber production have also expanded greatly in recent years. The activities of large and



medium agricultural producers and large forest concessionaries have had a significant effect on the destruction and deterioration of forests. By 1994 the Bolivian government had distributed approximately 30 million of the 76 million hectares in the region, of which 23 million hectares were for medium and large properties, 3 million for small farmers and another 3 million for indigenous peoples. Since the mid 1980s designated protected areas have grown considerably, although only a small fraction of the total is effectively being protected. Despite recent efforts to resolve the problem of ownership of land and forests, there is still a significant potential for conflict between protected areas, indigenous territories, timber concessions, farm property, mining concessions and areas used for small-scale felling. This state of affairs has generated endless conflicts.

Since 1994, an extensive process of reform has been under way in public institutions in Bolivia, following the Popular Participation Law and the Administrative Decentralisation Law. The fundamental aims of both laws are: a) to transfer part of the functions of central government to local level through the departmental prefectures and municipal governments; b) to transfer resources from the treasury for the provision of basic services and productive infrastructure through a new system of development planning and the allocation of public investment; and c) to promote people's participation in decision-making about public investment, on the basis of their own forms of social organisation and the creation of mechanisms for monitoring and social control. These reforms obliged municipal governments to become more involved in matters relating to natural resources and their local level management. The 1996 land and forestry reforms

aimed at promoting more efficient use of land and forests, legalising ownership and establishing a more appropriate institutional framework to control the use of these resources. They have had important consequences for local institutions and producers. One major change is that private landowners have been given the right to use forest resources within their property or to declare them as ecological reserves. Likewise, the reforms recognised the exclusive rights of indigenous peoples to the forest resources within their lands. Also, mechanisms are promoted to classify land according to its principal use, apply recommendations for use and impose sanctions in the case of failure to comply. This includes the preparation of Territorial Classification Plans (PLOT), ranging from Land Use Plans (PLUS) at departmental or regional level to Forest Management Plans (PMFs) and Property Classification Plans (POPs) for individual units.

In Bolivia, forestry policies are determined by the Ministry of Sustainable Development and Planning, and the sector is regulated by Forestry Supervisors (FS). Departmental prefectures are now responsible for research and technology transfer, and municipalities have been given the task of inspecting forestry activities. The new legal framework has brought radical changes for collaboration and contracts, particularly with regards to involving small agricultural and forest producers in the sustainable management of forests. The effect on municipal governments of the popular participation process has meant that the local and/or municipal sphere is particularly favourable for arranging contracts and collaboration agreements between those who seek sustainable forest management and better living conditions through the appropriate use of these resources.

CONFLICTS, FOREST UTILISATION AND ACTORS IN EL CHORE

The study area in El Chore is located between the Piraí and Yapacaní rivers, an area of 152,359 hectares within the municipality of Santa Rosa in the department Santa Cruz. These occupy part of the El Chore Forest Reserve, which covers 900,000 hectares to the north of the Sara and Ichilo provinces. The region is almost flat, with semi-evergreen and predominantly high and dense forest, holding a great variety of species. Around 1,400 families are settled in 19 peasant communities in the area. Each producer has an average of 50 hectares, and thus approximately 70,000 hectares are occupied by settlers. To the north, there are also around ten medium and large agricultural properties. At present there is a forestry concession in the area covering 13,329 hectares. Peasants use a low productivity system of slash-and-burn used in the area, which nevertheless has become a stable part of production resulting in the creation of cultivated pastures for the introduction of cattle, as well as clearing some areas for mechanised farming. After the El Chore Forest Production Reserve was created in 1966 the Government granted felling permits to timber companies. The start of timber and oil extraction in the area encouraged the creation of settlements. Title deeds were granted to settlers from 1968, although around half were granted between 1988 and 1991. However, only a tenth of the total number of families actually have title deeds. The simple fact that the peasants were settled on an area which had been declared a forest reserve provided a justification for the settlements to be considered illegal and, therefore, with no right to forest resources. Moreover, although the forestry companies had legal endorsement, the boundaries of their felling areas were never clearly established in the field. This, together with the pressure of new settlements, produced frequent conflicts over the possession of forest areas.

Actors and Institutions Involved in Forest Management

Traditionally, the most influential groups in the area are the stockbreeders and timber dealers from the village of Santa Rosa, capital of the municipality. Native people in the village rejected the migrant settlers, which has restricted the participation of peasants in the local political system. Peasants are organised in community unions, which in turn form part of sub-provincial and provincial unions. In El Chore there are 19 community unions which belong to 4 sub-provincial branches, and all of these are represented in the provincial union, CUCNSR, which was restructured in 1990. Following new legislation, the municipal government has become an important actor at local level with regard to local development, the allocation of public spending and the control of natural resource utilisation. In 1997 the Municipal Forestry Unit (UFM) was set up as part of the new Natural Resources Department. Other public sector forestry bodies are present through their monitoring and control offices. In 1997, together with the creation of the Forestry Supervisors, an Operative Forestry Unit (UOB-SF) was set up in the municipality of Santa Rosa. It is responsible for monitoring forest utilisation on forestry concessions and on private property. In addition to these local actors the following institutions also work in the area:

- ❑ The Micro-Regional Development Programme for the Sara and Ichilo Provinces (PRODISA). Between 1992 and 1996 it prepared a micro-regional and municipal development plans, supported technological research and promoted the preparation of the PLOT for the "Agroforestry Unit" of El Chore. In 1997 it (now MASRENA) expanded its activities to land use planning and support for productive and environmental activities.
- ❑ The Centre for Peasant Research and Promotion (CIPCA) is a national NGO, which since the early 1980s has worked to provide productive resources for impoverished groups. Recently it has promoted agroforestry systems and forest management on peasants' smallholdings.
- ❑ The Tropical Agricultural Research Centre (CIAT) has since 1975 carried out research and transfer of agricultural technology in the department of Santa Cruz. It started an Agroforestry Programme with an emphasis on El Chore in 1995, and since 1997 it has run a programme for community forest management which evaluates alternative technologies for logging.

COLLABORATION AND CONTRACTS FOR FOREST MANAGEMENT

In 1995 the PLUS for the Department of Santa Cruz was finalised. The area occupied by the communities of El Chore was declared fit for agroforestry use. Nevertheless, the scale used by the PLUS meant it was unsuitable for regulating land use at farm level, and PRODISA sponsored the preparation of a Land Classification Plan (PLOT) for the area. The drawing up of the PLOT for the "Agroforestry Unit" of El Chore produced a classification of land use categories and specific recommendations concerning restrictions on use for each of them. However, these recommendations would serve no purpose unless the appropriate technological alternatives exist for the development of

agroforestry activities. This reasoning led PRODISA to support the design of the Sustainable Forest Management Project (SFMP). The formulation of this project was a result of the co-ordination process between PRODISA and CUCNSR for the preparation of the PLOT, which had required the organisation of 20 workshops with peasant leaders. The CIAT forestry programme also organised a workshop in 1994 to discuss possibilities for technological alternatives for El Chore, during which the possibility of starting a forest management project with settlers was proposed. This would be formulated by PRODISA. The following year, the CIAT programme started to examine alternatives for the integration of agroforestry systems with forest management. The main points of the original project proposal, prepared by an external consultant in May 1995, were as follows:

- i)** To encourage fair prices and as such improve the income of the settlers by adding value to the timber through processing.
- ii)** The initial target group was to be communities of the '4 de Marzo' sub-provincial union, with plans for future expansion.
- iii)** CIPCA would be the implementing organisation, and the union would serve as a link to the producers, as well as supervise implementation. The communities must choose forest promoters.
- iv)** Forest management would be undertaken on the chosen smallholdings, on a minimum of 20 hectares per producer. A mobile sawmill would be set up, and a co-operative would be organised to sell the timber.

As many urban inhabitants obtained their income from their communities' forest utilisation, they saw this initiative as dangerous competition, and the municipal government attempted to block the initiative. However, in the 1995 municipal elections the main CUCNSR candidate managed to become President of the Municipal Council. In turn, a member of the allied AND party was elected Mayor. This created a favourable political climate for the development of the project. On another front, CIPCA initiated negotiations with the then Forestry Development Centre to obtain permission to install a sawmill in the area. It was decided that it would be installed in one of the communities. The SFMP was thus set up in El Chore in 1995, as a pilot project. It was set up by CIPCA as part of the PRODISA Community Forestry Companies sub-programme. It co-ordinates with the CUCNSR, and its counterparts are the community silviculturists' groups organised within the Cerebó Partnership. The project initially intended to achieve improved incomes for the settlers of El Chore through the sustainable management of forest resources on their smallholdings and the processing and commercialisation of timber. The project aimed to: a) promote recognition of property rights to land, subject to certain criteria for the use of the land and the management of forest resources; b) enable the transfer of resources and technological capacity to peasant families involved in forest utilisation; and c) facilitate the development of auxiliary technical assistance services to introduce practices for the sustainable management of forest resources. The collaboration agreements between actors involved in the development of the SFMP was on two levels:

- Financial and technical assistance agreements between co-operation organisations or state development institutions (Swiss Development Co-operation, World Wildlife Fund, PRODISA, CIAT) and the implementing entity (CIPCA).

- Arrangements for the provision of services and business partnerships between CIPCA and the communities. This includes a collaboration agreement regarding the organisation, planning and management of forestry activities with three associated groups of settlers, represented by the Cerebó Partnership, as well as a contract to create the '4 de Marzo' SRL Partnership, with CIPCA and the Cerebó Partnership as shareholders.

Over the past four years the project has undergone significant changes in approach, resulting from factors inherent in the project itself, as well as to external variables. The project may thus be divided into two periods. The first is the emergence and decline of the peasant forestry company (1995-1996), and the second is linked to adjustments following the introduction of the new forestry regulations and policies (1997-1998).

The Crisis and Decline of the Peasant Forestry Company (1995-1996)

Although the original proposal emphasised that the community unions were to have the chief responsibility for the implementation of the project, in practice this role was taken over by CIPCA. In co-ordination with the CUCNSR, CIPCA started discussions with communities of the 4 de Marzo sub-provincial union. During the meetings it was decided that forest utilisation activities should be started in three communities: Los Andes, Villa Imperial and 4 de Marzo. Each of these communities in turn drew up lists of people who would volunteer to carry out a planned use of their forest resources. Associated groups were set up in these communities, known locally as silviculturists' groups. These were given a simple organisational structure with a president, a secretary and ordinary members. Capital was needed to purchase equipment for the processing and commercialisation of the timber. It was decided to set up a limited liability company between CIPCA and the silviculturists' groups, which organised themselves into a legally recognised association, the Cerebó Partnership. The company 4 de Marzo SRL was set up with CIPCA contributing US\$ 16,000 as majority shareholder (51% of shares) and the Cerebó Partnership contributing US\$ 15,000. Most of the resources were used to purchase a tractor and a second-hand stationary sawmill. These were the conditions in which the 45 partners initiated forest utilisation activities in 1996.

The formal agreements reached between the Cerebó partners and CIPCA were included in a **collaboration agreement** signed by both parties. In essence, the Cerebó partners undertook to contribute labour for all forest utilisation activities; delimitation of forest areas, gathering and transportation of timber, participation in forestry inventories on their smallholdings, preparation of paths and bridges for transportation of the timber. For its part, CIPCA undertook to draw up a General Management Plan, to provide technical assistance for demarcation, setting of annual forest utilisation volumes and the supervision of operations. The agreement included delivery quotas for each producer. A system for measuring the volume of trees utilised would be established which would translate into "fair prices" for the owners. Apart from the collaboration agreement, the various partners to the sawmill established no formal contracts for the supply of timber. The administration of the sawmill was entrusted to an administrator and an accountant based in the city of Santa Cruz, selected by CIPCA, and it was thought that its workers should come from the communities themselves. In formal terms, both CIPCA and the Cerebó Partnership participated in decision-making regarding processing and commercialisation. Some of the problems occurring in the implementation of the project were as follows:

- ❑ **Planning of utilisation.** Most of the producers had delimited forestry management areas, but the limits were never actually marked on the smallholdings. Moreover, sustainable forest management techniques were not included in the General Management Plan, and management plans were never obtained for each of the partners' smallholdings. Also, the volumes extracted failed to correspond to the processing capacity of the sawmill.
- ❑ **Forest utilisation operations.** The existence of 45 partners in three different communities led to problems in organising the work and increased the cost of transport to the sawmill. Moreover, the lack of control over volumes led to an unsystematic forest utilisation; some partners bought trees from their neighbours to meet their quotas. There was also not sufficient transport for the felled trees.
- ❑ **Processing and commercialisation.** Since the sawmill could only saw trees with a diameter of up to 70 cm, many large trunks had to be sold to local timber dealers, which reduced incomes. Furthermore, there were severe technical difficulties with the sawmill and its administration was inefficient. There was also a lack of clarity regarding commercialisation strategies.

The result was that the sawmill was sold to a local businessman and the company was liquidated. Some positive aspects were that: a) the project contributed to improving the technical capacity of the peasants for carrying out forestry inventories on their smallholdings; b) it strengthened the negotiating capacity of the peasants, with positive repercussions on the local price of timber; and c) the collaboration of state entities in local level activities helped to further the demands of settlers for access to forest resources and for the defence of their rights of ownership.



Adapting the Initiative to New Forestry Regulations (1997-1998)

The approval of new land and forestry regulations was influential in bringing about a change of approach in the SFMP from 1997 onwards. Main factors with direct implications on forest utilisation by the settlers were:

- ❑ Compulsory management plans. To extract timber from their smallholdings settlers need to have approved PMFs, which ensure the sustainability of the resource.
- ❑ Compulsory clearing plans. All producers who wish to convert their forestland to other uses need to obtain a clearing permit from the local SF office.
- ❑ Sanctions in the case of non-compliance. Monitoring of management and clearing plans is mostly done at fixed control points where SF staff ascertain the origin of the timber and whether it has been approved. If the timber does not have the required permits, this is normally met by confiscation of the product, machinery and tools.
- ❑ Legalisation of ownership. The new legislation that promotes sustainable forest management presuppose that owners have obtained full property rights over the land and forest resources, backed by technically and legally valid deeds.

Two new public sector entities have joined the local collaboration framework for forest management, the UOB-SF and the UFM. The UOB-SF office was opened in the municipality of Santa Rosa in June 1997. Its main tasks include approving clearing plans, controlling forest use and enforcing sanctions. The UFM is supposed to work on delimiting the Municipal Forest Reserve Area and supporting the creation of Local Social Associations (ASLs) for forest management. However, limited staff and resources limit the efficiency of both these entities. The UFM has concentrated on disseminating the Forestry Law. It has also supported efforts to obtain approval of the PLOT and the legalisation of property. CIPCA renewed its technical co-operation agreement with CIAT, and perhaps most importantly has started to co-ordinate more closely with the UFM of the municipality of Santa Rosa. Since the Popular Participation Law entered into force, CIPCA has implemented various support programmes for the municipal government. In October 1998, they signed a "specific forestry agreement" aimed at providing support to communities, unions and ASLs in the preparation and implementation of POPs and PMFs. At present, the most important concerns of the region are the approval of the PLOT of the "Agroforestry Unit", and the legalisation of land ownership, because of their influence on the prospects for local development.

Regarding the PLOT, in December 1997 the municipal government approved the proposal drawn up by PRODISA and forwarded it to the PLUS Technical Office for approval, although in November 1998 the office had not yet examined it. According to CIPCA and municipal technicians, political concerns are the cause. Approval of the PLOT would be an important step towards changing the classification of the area, which in legal terms continues to be part of the El Chore Forest Reserve. Nevertheless, in practice both the SF and National Agrarian Reform Institute (INRA) have recognised the fact that the area is to be occupied by small farmers. The legalisation of settlers' properties was authorised by INRA in mid 1998. The CUCNSR has made a considerable effort in the communities to arrange legalisation and CIPCA also participated actively in the negotiations over costs.

Changes in the Scope of the Agreements

From 1997, the SFMP changed its approach in order to promote greater **participation** of those settlers who wished to use their forestland according to the new regulations. The emphasis was now on drawing up the PMFs and obtaining SF approval to make sustainable forest management possible in the communities of El Recreo, Los Andes, 4 de Marzo - second and fourth sections - and San Luis. CIPCA has contributed technical assistance for drawing up the plans and resources to finance them, and has supported the consolidation of a network of 4 forestry promoters. Members of silviculturists' groups participate in fieldwork to gather the information required for the PMFs. They are in charge of pre-utilisation activities (marking of areas, commercial surveys, marking of trees to be felled, preparation of hauling routes and building of paths), utilisation (felling and chopping, hauling of tree trunks, loading and transportation) and post-utilisation (selection of the best commercial species and removal of lianas binding the selected trees, among others). Despite the fact that the Cerebó Partnership continues to exist as a supra-community organisation representing the silviculturists' groups, it has not, in fact, been functioning.

Only 20 settlers who had been involved in the previous stage now remained, and their interests lay in the sale of timber rather than in management. This group constituted the basis for continuing the initiative. Towards the end of 1998, CIPCA had managed to put together a group of 47 people distributed between five groups from four communities. Whilst three of the groups (San Luis, Los Andes and 4 de Marzo) belong to colonies of highland migrants, those from the community of El Recreo are Guaraní settlers. They differ from the other groups in that they maintain a communal land system and give greater importance to forest conservation. As such the work has progressed more quickly in this community than in the others, and it was the only community to start utilisation activities in 1998. Although they have not met their expected targets due to a delay in the start of felling, they have successfully tackled planning, utilisation and marketing. They have signed a contract to sell the timber to a local timber dealer, who also provided them with the machinery required for hauling and transportation of the tree trunks to his sawmill. The other communities had not gained SF approval for their PMFs because they lacked title deeds. It is thought that only in the course of the following year will they all start forestry activities in accordance with their plans, if they are able to start the process of legalising their property. The fact that the groups have PMFs will help to improve their negotiating capacity for the sale of timber, since the fact that it comes from managed forests will favourably influence prices.

Undoubtedly the social coverage of the SFMP is still rather limited, but it has managed to bring together families of settlers that have significant amounts of primary forest. With the exception of El Recreo, which has set aside 200 hectares of its forest, in the other communities each settler has set aside an average of 10 to 15 hectares for management. Estimates from the PMFs indicate that the income from timber averages US\$ 1,000 - 1,300 per family during each utilisation cycle, which will be of two years in El Recreo and four years in the other communities, whilst the felling cycles are 20 years for both communities. According to the settlers it is a good incentive to start forest management. A new commercialisation strategy consists of formalising group contracts for the sale of timber to local dealers. CIPCA's SFMP in El Chore formally ended on the 30th August 1998, and it is seeking to implement a second phase. The emphasis of future activities will be: a) extension of coverage to communities that have expressed interest in undertaking forest management; b) training in forest utilisation and post-utilisation

practices; c) the search for better options for the commercialisation of the timber; d) collaboration with the communities in drawing up POPs. It is also considered necessary to support the municipality in improving its technical capacities.

EVALUATION AND FUTURE PROSPECTS

The case study shows how the SFMP implemented in El Chore has made use of a **collaborative approach** to support local initiatives for the use of forest resources. This involved a lengthy process of co-ordination between the various local actors concerning the legal, technical and organisational conditions required to undertake forest management in the communities. The project emphasised strengthening local capacity among the settlers on the basis of the utilisation of their own forest resources. However, the obstacles encountered along the way and the new legislation meant that the approach had to be modified. Obstacles included the illegality of the settlements, lack of settlers' knowledge of their right to use forest resources, and a political system which was hostile to the settlers' forest utilisation initiatives. To tackle this unfavourable legal and political situation, peasant organisations together with institutions working locally developed a strategy of alliances which led to the creation of the "El Chore Agroforestry Unit" and with this, recognition of the fact that the area was suitable for small-scale farming. The implementation of popular participation opened up the possibility for peasants to hold positions of authority in the municipal government. Both factors favoured the development of collaboration agreements between CIPCA and community silviculturists' groups.

The partnership company set up by CIPCA and the silviculturists functioned only in 1996 and its goals remained far from being fulfilled. After the weaknesses had been identified, the approach was reformulated. In practice this involved strengthening the technical capacity of the CIPCA forestry team and a new commercialisation strategy. Meanwhile, since 1997 new forestry and land legislation has given settlers the right to make use of the forest resources on their smallholdings, and a series of technical norms were introduced aimed at ensuring sustainable management of the forests. From then on, CIPCA and the silviculturists' groups concentrated on drawing up the PMFs. The benefits of the new approach are that: a) it has helped to affirm the rights of the settlers to forest resources; b) it has improved the settlers' **negotiating** capacity in selling their timber; and c) it has shown that it is possible to obtain monetary benefits from the exploitation of timber under planned systems for forest use.

However, all the activities so far have not improved the incomes of the settlers involved in the initiative. There are still numerous obstacles which local inhabitants have to tackle in order to undertake sustainable management of their forests, and to obtain lasting benefit from their utilisation. Of these, the three most important are: the organisational capacity for management; the access to technology for utilisation; and suitable, low-cost instruments for management and the resources to finance them. Furthermore, the use of the **contract approach** takes place in a varied context, including marketing and processing, institutional control systems and taxation on forest utilisation. These factors can have a marked effect on the prospects for obtaining income from forest management and on involving local inhabitants in forest conservation activities. External obstacles are concerned with the legalisation of land ownership, agreement with and approval of land use planning and research and technology transfer, and are generally handled at

regional or national level. At present, the lack of progress in these areas adversely affects the success of local forest management initiatives.

Concluding Comment

The Bolivian case study is a detailed examination of an area of continual conflict in the country; access to natural resources and in particular community involvement in forestry management. In this respect the study is stronger on the detail of the efforts of the Bolivian NGO – CIPCA – to promote more effective community participation in forestry management than it is on the detail of the groups of peasants involved, their organisation and their relationships with the other major actors. Furthermore the case study is more concerned with notions of 'agreement' and 'participation' than with issues of 'organisation' and 'negotiation'. The scenario of the case study is the now familiar interface between community groups that depend on access to forestry resources as part of their livelihood and the several government or other development agencies with responsibility for natural resource management. In this respect the project is highly detailed on the issues related to resource conservation and the potential for local communities to play an effective role. However what it has been unable to illustrate is the exact nature of the 'contract approach' in this work of natural resource conservation and in what ways community involvement in the process is able to strengthen their organisation and broaden their skills. Furthermore, 'negotiation' is discussed not in terms of the communities' roles in determining the strategy and planning for the conservation of this vital resource, but more in a commercial sense of timber sale. However the evidence strongly suggests that, with CIPCA support, the community groups do strengthen their own internal organisation as a result of their involvement in this work. Which is crucial to their livelihoods.

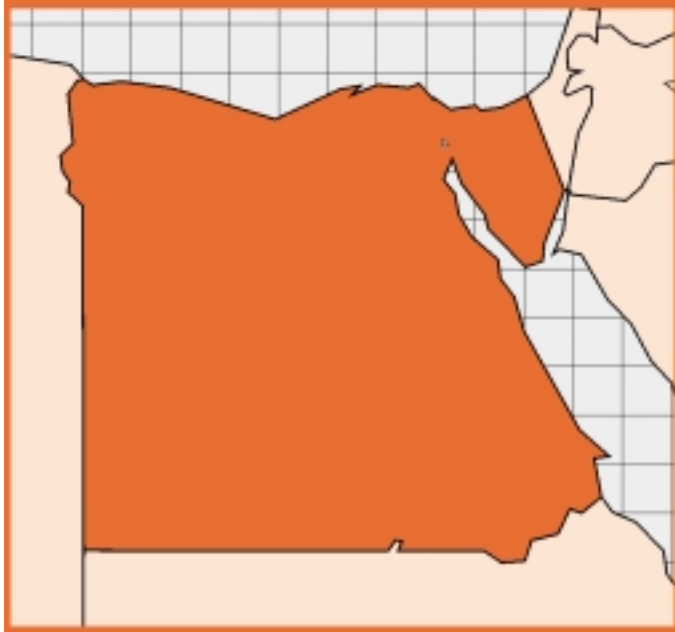
GLOSSARY OF TERMS:

| | |
|----------------|--|
| AND | Acción Democrática Nacionalista |
| ASLs | Local Social Associations |
| CIAT | Tropical Agricultural Research Centre |
| CIPCA | Centre for Peasant Research and Promotion |
| CUCNSR | The Provincial Union |
| FS | Forestry Supervisors |
| INRA | National Agrarian Reform Institute |
| PLOT | Territorial Classification Plans |
| PLUS | Land Use Plans and Property |
| PMF | Forest Management Plans |
| POP | Classification Plans |
| PRODISA | The Micro-Regional Development Programme for the Sara and Ichilo Provinces |
| SFMP | Sustainable Forest Management Project |
| UFM | Municipal Forestry Unit |
| UOB-SF | Operative Forestry Unit |

2.3 EGYPT: URBAN COMMUNITY DEVELOPMENT

NATIONAL CONTEXT

The failure of the model of economic development following the Egyptian revolution in 1952 resulted in the late 1960s in a major re-conceptualisation of development. Redistribution, basic needs and participation were identified as essential components to ensure more efficient and effective development projects. Sadat's open door programme welcomed external assistance and capital investment, which had important implications for the development of community participation in urban sector projects. However, the implementation of many necessary long-term reforms was postponed into the early 1990s, when Egypt started a structural adjustment programme with the guidance of the IMF and the World Bank. The programme was expected to minimise the role of the state in managing the economy, leaving the market to be managed by the forces of supply and demand. Based on this, the Egyptian government has developed a strategic framework for economic stabilisation, growth and social efficiency.



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In Egypt, most poverty estimates are related to a consumption-based poverty line, based on the cost of a diet that provides minimal nutritional requirement in addition to some allowance for basic non-food expenditures. The estimate of the proportion of the population below the poverty line in the mid 1990s in Egypt varies from 23 % to 48 %, partly due to different methodologies. This measure does not take into account access to essential public resources and services. The UNDP introduced in 1996 the concept of capability poverty, which refers to what people are able to be, do, choose and achieve. The 1996 Egyptian Human Development Report estimates that 34 % of Egyptians were on or under the capability poverty level in 1995. Rural areas have a higher level of poverty than urban areas, and the departments of Upper Egypt are consistently at the bottom of the list. However, the incidence of poverty in the departments of Greater Cairo and Alexandria is higher than in any other region in Egypt. They have over 3.3 million poor people among them, constituting about one fourth of the national total.

A primary step taken by the government to address poverty was the establishment of the Social Fund for Development in 1991 which, although promising, still reflects the

centralised approach to government planning. Its main objectives are to promote income and employment generating activities initiated by local communities, to provide basic social services and to improve local participation through labour intensive techniques. The Community Development Programme seeks to improve services at the community level in low-income areas, in partnership with NGOs and local beneficiaries. The government has also taken a comprehensive approach on the political/social level to encourage the establishment of local community co-operatives and private voluntary organisations. While in 1986/87 around 450 organisations were registered with the government, by 1993 more than 1500 organisations were registered, and the figure reached around 15,000 by 1998. These are all organisations concerned with social services such as childcare, family care, care for the elderly and the disabled, cultural activities and literacy programmes. However, of these 15,000 organisations, 25 % are literally inactive, 25 % are active only part time, 27 % have limited success as providers of small regular services, while the rest have established local community programmes of various sizes and importance.

Egypt has a long tradition of a highly bureaucratic and centralised government, and progress and development have always been associated with exclusive forms of governing and politics. The state still maintains control over private organisations, enforced by the law. Any society has to be registered in the ministry and one of the conditions is a commitment by the proposed society not to engage in any political activities. The state authorities may limit activities of professional associations, trade unions and local societies, such as public meetings and publications. There is a great disparity between economic and political liberty, and the majority of civil society still remains excluded from decision-making processes.

One promising way of enabling civil organisations to play an effective role is the establishment of **contractual** agreements between the community and government or external assistance. Through the 1980s the Egyptian government started to modernise methods of reaching the local poor by depending mainly on the community's own initiatives and local resources. The National Programme for Integrated Rural Development (Shorouk) was launched in 1994. The programme aims at mobilising people towards increased participation, leading to community development based on an agreement between the community and the government authorities. Traditionally **contract** is understood as an agreed format that describes the nature of the relationship between two or more parties. The parties could be a seller and a buyer, an owner and a renter, or an employer and an employee. At the formal level, a contract would be in a written explicit form with the names of the parties, their nationality, occupation and residence. The rights and obligations of each party and the terms of the agreement would be included. However, especially in rural areas, hiring labour for cultivation, work in small workshops, or work as electricians, plumbers and similar work, may not involve a formal written contract. Instead, a verbal agreement would be set to describe the relationship between the parties. Whether on the formal or the informal level, the provider of the asset or service always has the upper hand in setting the rules and the conditions of the contract.

FOCUS OF THE RESEARCH

This study focuses on the “Improving Living Standards” project run by the Implementing Agency (IA) and funded by USAID. It is a pilot urban development project designed to upgrade living conditions for urban residents by providing support for Egyptian private voluntary organisations (EPVO). The first phase was implemented between February 1995 and June 1996. The project aims at strengthening the capabilities of local EPVOs by providing training, technical assistance, needs assessment and financial resources. The project is inspired by the belief that strong EPVOs are the vital link to the local community. It aims at creating a mechanism for collective action and participation among the neglected groups in the target area, and to link them to activities, funds, or sources of income entitled within the project. The relevant contractual agreement is between the IA and the target organisations in the area, which then liaise with the different beneficiaries. The beneficiaries participate in the activities implemented by the local organisations in co-operation with the IA. The project targets three of the oldest districts of Cairo: El-Rashidy, El-Kharg, and El-Salmiya. El-Rashidy is home to over one million people and is a typical example of a traditional, once prosperous, district of Cairo that is now suffering economic decline and social degradation. El-Kharg is a culturally mixed area with many rural migrants. It is poorer than most of El-Rashidy and desperately in need of essential services.

The various programmes of the “Improving Living Standards” project are as follows:

- ❑ The project’s Institution Building Programme applies proven methods of training and technical assistance as well as more innovative means such as the posting of local management assistants inside the voluntary organisations and the promotion of peer-education between the associations in the project. It aims to increase administrative skills among approximately 23 local EPVOs and promote strategic plans of action for the next 5 years for a minimum of 15 EPVOs.
- ❑ Self-Help Initiatives are innovative approaches to community development services, and cultural activities emphasising self-help and local participation. The EPVOs taking part in the institution building programme receive grants to undertake activities such as health services, childcare, water and sanitation, employment and business generation, and educational and cultural services.
- ❑ The Local Economic Development Programme promotes income-generating activities. A credit fund makes small loans available to low income individuals and also to youth and established small and medium entrepreneurs, through contractual agreements. For the latter group, a business development support programme will be offered. A major concern is to link the local entrepreneurs with financial institutions and the larger business community in Cairo.
- ❑ The Networking Programme is seen as a cornerstone in efforts to develop a broader platform for participation, democratisation and social equity. Area based networks of local associations will be essential channels for creative and productive interactions among the network members. They can learn from each other’s experiences, collaborate on particular projects and work together on awareness and advocacy campaigns.

- ❑ Community Resource Mobilisation is based on the idea that in order to achieve sustainability initiatives have to allocate human and financial community resources. Private voluntary organisations are expected to provide 25% of volunteers and funds. A volunteer awareness and promotion campaign will be organised, as well as training for volunteer programmes and fund raising.
- ❑ The Project Documentation and Promotion Programme contributes to the overall sustainability of the project by attracting more institutions and donor support, and by promoting replication of the model. This will be done through the production and distribution of written and audio-visual materials, outlining the methods and lessons learned throughout the project. In addition to this, effort will be done to reinforce existing links with government agencies.

The “Improving Living Standards” project is an example of the **contract approach** being used in Egypt. An analysis of the extent to which it helps previously excluded groups gain access to development resources will inform an assessment of the usefulness of the approach within the context of urban Egyptian communities.

CRITICAL REVIEW

Informal and Formal Community Organisation in El-Rashidy

Different forms of organisation exist in the complex traditional community of El-Rashidy. The intended target groups of the project are the neglected and disadvantaged groups, and the informal community is an interactive organisation by itself. Old Cairo has both very poor and very rich districts and its inhabitants hold a mix of modern and traditional values. El-Rashidy is the site of houses, which have fallen down like sandcastles and eventually into garbage dumps next to 15 storey buildings. The tradition of extended families seems to be coming back in El-Rashidy as a strategy to cope with the lack of proper housing and income. Most families are barely surviving by the income of one family member. Social activities are limited, and the opportunity to develop talents is non-existent. Thus many are unable to create or find employment opportunities. El-Rashidy has, however, plenty of resources, which have not yet been fully tapped for the good of the area and its residents.

Communities of old Cairo have created their own institutions to influence political and economic forces. Family and informal networks are particularly influential. The significant presence of family enterprises protects family members from economic insecurity and provides opportunities for employment and profit for individuals who might not prosper in the formal economy. This indicates the strengths and the capacities of the community. However, one problem is that coping strategies of the people are haphazard and sometimes ineffectual. Most of the unemployed have developed ways of accepting their life as unproductive members of society while some turn towards illegal activities. The system of representation and leadership in such communities takes two forms: a) one type of leaders are influential figures in the community’s local market or political setting; b) another type of leadership comes from connections with authoritative figures of the local government in the social networks of the community. A majority of NGOs and people have internalised a sense of inability in handling social and political

authority and responsibility. Thus, it becomes even more important to have informal access to important officials.

When initiating the “Improving Living Standards” project, IA had to enter the community through already existing legally registered organisations in the community. There were children’s associations, health services associations, economic based associations and more, each with its own development approach. IA incorporated the different organisations with their different activities and interests to work through its comprehensive development project. One of these is The Social Development Association (SDA) which is headed by an influential political figure. Co-operating with this particular organisation served as the key to enter the area of El-Rashidy and to gain legitimacy from all the actors who played a part in the project. SDA was established in 1991 and has a wide range of activities, including the establishing of schools and clinics, providing employment opportunities for the youth and providing cultural services through establishing clubs, libraries and sports centres. Several other organisations joined the project as the IA gained more trust and legitimacy in the community. These included the Health for All Association, Children’s Future Association, Association for Economic Development, and others.

Negotiating and Contracting

The three main actors in the negotiation and contracting process are:

- the IA, which is the implementing agency;
- the government ministry;
- the local organisations that were chosen to participate in the project.

The three main lines of negotiating and contracting were between the IA and the donor agency, between the IA and the government ministry and between the IA and the local organisations. This section will reflect the interests of the different actors in the negotiations, the issues negotiated and the order or stages that the negotiations passed through. The IA saw the concept of contracting as a major guiding principle in implementing the project. Also, using contracts with the small local organisations could train these organisations to take a business-oriented approach in running their activities and to emphasise the sharing of responsibility.

Negotiation and Contracting between IA and the Government Ministry

The ministry selected the organisations that the IA might work with, and the IA through Participatory Rapid Appraisal (PRA) carried out a process of filtering. The ministry district office was concerned with the meaning of the PRA and IA explained to them the goals of PRA studies and the idea of community participation. The PRA was expected first to document and assess the people’s general and institutional needs; second, to introduce the IA to some local NGOs in El-Rashidy; and third, to create a momentum for participatory development. Ministry staff and volunteers representing ten institutions formed the PRA team. A problem was the limited time, as within two weeks training on PRA was conducted, and field work and primary analysis was done. Following

negotiations, an approval letter was addressed to the IA from the Ministry's social affairs technical office in Cairo. This letter stated the government approval that the IA work in the area (of the application), to implement development related projects which will improve the quality of social services and recommended co-operation with the Central Cairo Family Association for Development. In order to facilitate future co-operation with the Cairo ministry, the establishment of a co-ordination and monitoring committee consisting of a representative from the foundation, a representative from the ministry and a representative from the Cairo Governorate-Social Affairs Department was suggested.



Negotiating and Contracting between IA and Local Organisations

Making contact with the local organisations and explaining the project to them was not easy. IA was looked on as a donor offering services to the community organisations and was expected to provide money, assets, and even proper staff to run the activity. AI explained it's own and the partner organisations' roles in the project. A garbage disposal project was agreed upon with the SDA. After negotiations between the IA and the SDA, home visits, interviews, meetings in the street and contacting the municipality through SDA, the garbage disposal programme was agreed. Five field staff in addition to regular programme staff should encourage the community into garbage disposal. After a phenomenal success, the activity stopped. The most important reason may be that it was a tactical move by the IA to reinvigorate the local community to take more authority in pushing for better representation of their interests. In the initial stage, residents were unwilling to take responsibility for improving their own environment, but later, this move

worked to motivate residents to contact the head of the SDA and other organisations. Another reason why the activity stopped was that the field staff of the organisation were reluctant to collect fees from residents, although it was agreed upon and signed in the contract between the IA and SDA.

In general, when contracting with organisations, the IA follows a standard written agreement that states the responsibilities and obligations of each party. An example is the agreement that was signed between the IA and the SDA for the garbage disposal project. This contract states that it considers the grant provided from the IA to the SDA, under the framework of the project "Improving Living Standards". It then states that the IA is responsible for managing the grant agreed upon between itself and the USAID. Then the contract states that the SDA proposed the project "Garbage Collection from the Streets of El-Amriya in the district of El-Rashidy", and that the two parties have agreed on the following:

- i) The project should be a pioneer project. It aims to improve the area, to increase the environmental awareness of the residents and also to provide work for youth through the activities of collecting and moving the garbage.
- ii) IA's Contribution: IA will provide financial support for the project for a period of one year. It will monitor the project as well as providing technical assistance, be responsible for the financial supervision of the project and cover the salaries of the managing co-ordinator and 3 supervisors for seven months.
- iii) SDA's contribution: The SDA will participate in monitoring the project and will prepare a monthly progress report for the IA. In addition it will take responsibility for office expenses and the costs of managerial work, provide places for training and a meeting room, and uniforms for the cleaners.
- iv) Conditions: In the case of tangible progress in achieving the goals of the project, ownership of the assets granted through the project will be transferred to the SDA. The IA will fund the project in three instalments: at the beginning of the project and by the end of the second and the fourth month. In the case of violations in the implementation, the IA can cancel the agreement at any time.

Added to this signed agreement were four attachments: the budget; a description of the project and its goals; the time schedule of the project and the job description of the people involved in the project. Following this standard format, the IA issued similar agreements with the other local organisations that were involved in the project.

EFFECTS AND OUTCOMES OF THE CONTRACT APPROACH

IA saw all the activities of the "Improving Living Standards" initiative as one integrated project, all centring on the goal of improving living standards in the community. There was also emphasis on establishing networking among the different participating community organisations and between them and other development initiatives. Was the project successful in reaching its goals? Has it increased participation and access to development resources for marginalised groups?

There are differing views on the success of these initiatives, both in terms of the project's objectives and as examples of the contract approach. Partly, this is because the individuals involved have differing views of what constitutes success. The most significant project activity was the garbage disposal programme run by the SDA. The stated objectives of this project were to create a sustainable system for rubbish removal, as well as to raise awareness. But there were differences of opinion between the actors involved. The objective of the implementing agency was centred on co-operating with the important and influential SDA, which could be its first effective point of entry into the community. For the SDA, the activity represented a channel for increasing its public support. Also, while initially the residents were supposed to pay a small fee to have the garbage removed, to ensure project sustainability, the staff of the SDA, fearing that they might lose public support later discouraged this.

The second most significant activity was the credit loan scheme through the Association for Economic Development. The intention was to fund small projects run by poor individuals. However, the average loan amount would not be enough for establishing a new business. Moreover, not all of the beneficiaries would classify to represent absolute or capability poverty. There were also some problems with repayment, mainly due to the limited experience of the organisation in managing credit schemes and limited field staff. The rest of the project activities attempted to support already existing initiatives or services, and activities such as training and awareness workshops had no direct impact on improving community living standards.

Some of the General Problems of the Programme were as follows:

- ❑ Only marginal implementation of the networking and the project documentation and promotion programmes. Not until at the end of the first phase of the project was a meeting held for all the participating organisations. This explains why complementary effects of the project, such as networking, did not take off.
- ❑ Negotiations were mostly on a one-to-one basis. No collective meetings gathered all the actors in one contract to discuss. This led to a situation in which each actor (whether a local organisation, the donor, or the ministry) had his own understanding of the project, with no mutual understanding being developed.
- ❑ Limited experience and knowledge of participating local organisations. The limited capacity of these organisations created a sense of dependency rather than a partnership relation with the IA. Longer time should be spent on intensive training and technical assistance and there was also a need for community awareness campaigns of the potential role of the organisations in local development. Another problem was high staff turnover on the different activities.
- ❑ Constraints on the IA in planning, negotiating and implementing the project. Due to the conditions put by USAID regarding time and finance, the needs assessment and the PRA were conducted in a too short time to accurately assess the needs and capacities of the community. This was reflected in the implementation of the project, as its goals were too ambitious for the actual institutional capacity of the local organisations. For this reason, the project succeeded in achieving separate development projects, but lacked the proper networking and capacity building

needed to reach the comprehensive goals for community participation. IA was dependent on influential community associations and political figures to work in the community. Thus, the efficiency of the project relied on temporary, politically powerful channels and not on the large informal local community.

The project, through its application of the contract approach, has reached quite a number of beneficiaries. However, compared to the total population in the area and the intended range of the target group, the project's success was limited.

Potentials and Future Perspectives

One of the **obstacles** in using the contract approach for employment generation in Egypt is that there has so far been a strong bias in favour of equipment (capital) intensive methods. Although this reduces the initial cost of starting a project in terms of less wages will have to be paid – but significant capital costs - it entails continued dependence on hard currency imports and the repair and replacement of capital goods. Capital intensive projects usually imply capital intensive maintenance, while projects using local resources offer a cost-effective alternative with a significant impact on local employment creation. According to Majeres (1995): "during the 1980s, it was proven on technical and economic grounds that in most construction and maintenance work, an end product of the same quality can be obtained using labour and local resource-based methods instead of methods dependent on foreign exchange and equipment". Thus, effort should be exerted to apply contractual approaches in employment generating projects by using labour intensive methods in infrastructure works both in rural and urban areas. Egypt's work force numbers 17 million and is predicted to reach 35 million by 2015. Providing basic services to rural communities, feeder roads, irrigation canals, and water supply schemes, all provide potential for employment generation through labour-intensive methods. They can also promote sustained growth through the productive use of these assets. In areas where social degradation threatens the sources of income and the living conditions of the rural population, labour intensive soil conservation works can be an important element in reducing migration to the cities.

In urban areas, contractual approaches with labour intensive methods can be a cost effective means of employment promotion, particularly in the context of rehabilitation works in run down areas. Road improvement, drainage, solid waste treatment, repairs of water supply system and construction building are all types of works that have great potential for employment generation. They can also contribute to the improvement of living and sanitary conditions in poor neighbourhoods and squatter settlements. These projects would provide financial support and also act as exercises for co-operative problem solving. The Integrated Rural Development Programme (Shorouk), which begun in 1994, has been hailed as national milestone in participatory development. It aims at upgrading different aspects of life in the local rural community through popular participation and mobilising available local resources. This national project will attempt to target a population of 35 million in 1,046 different rural local units, including 5,642 villages and 21,000 satellite communities in 26 states. The programme incorporates several projects including rural infrastructure, economic development, human development, women's, youth and child care projects, all of which follow the contract approach framework Its use of the contract approach involves the community, government, and supporting NGOs, and forms the basis of a sustained promotion of community interests. In all it is an ambitious programme, which may well yield important

insights into the use of the Contract Approach in such massive government, driven development projects.

Egypt is progressing with its national economic reform programme, and it is getting ready to enter the market economy and become an area for global investment. Judgement on the overall effects of the economic reform and structural adjustment is mixed. One concern is that liberalised market forces have failed to provide low-income groups with higher incomes, and even middle-income households experience the threat to job security and lowering wages. The implicit assumption of the reform programme is that everyone has the opportunity to have their assets utilised and invested through the existing laws and adapt them to the wider marketplace. So far, the drive for rapid growth has overlooked local circumstances. It is important to realise that accomplishing successful macro-economic transformation on the formal, governmental level does not mean that a full blast market economy revolution has taken place. Society must ensure that the benefits of macro-economic achievements are correspondingly made available to the poor caught in the middle of the legal (formal) system of public administration and the traditional system of community work. The greatest challenge facing developing countries is to complete the reform agenda. This means not only continuing successful macro-economic reform programmes, but also bridging and linking the informal disadvantaged groups with these successes through an agreed, contractual methodology, incorporated and utilised to overcome the institutional apartheid that impedes the majority, especially the poorest, from increasing the value and productivity of their assets.

Concluding Comment

Research into the major themes of this study in the context of approaches to community level development in Egypt will inevitably run up against the limitations which current models of development intervention in the country will impose. The case study testifies to these difficulties and presents us with an account of the Contract Approach which is highly particular to the Egyptian context. Development initiatives in Egypt are largely centrally driven and community involvement is planned and almost by invitation. The context of the study is a massive government development programme – Improving Living Standards – which is delivered by local NGO with little strong or effective community base. In Egypt 'development' is essentially something that is 'delivered' and communities are 'chosen' to play a part. Although there is a well established tradition of both formal and informal community organisations in Egypt, these have yet to effectively 'participate' in the whole development process. Hence 'contracting' and 'negotiation' take place but in a very formal sense and very much on the terms of the implementing agency. The intriguing aspect of this study, however, is not what it was unable to document, but to what extent this need to increasingly involve communities in the implementation of such ambitious development programmes might in fact be sowing the seeds of a future more effective participation.

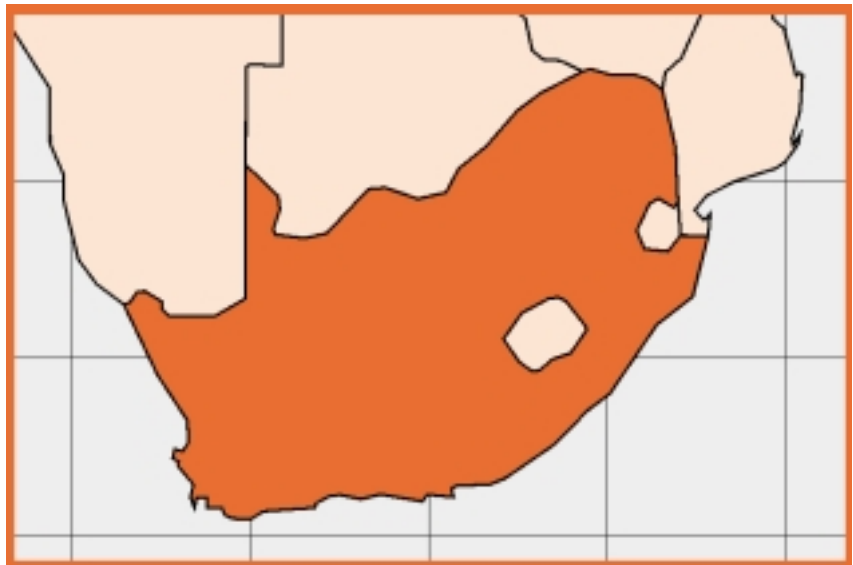
GLOSSARY OF TERMS:

| | |
|----------------|---|
| EPVO | Egyptian Private Voluntary Organisations |
| IA | Implementing Agency |
| IMF | International Monetary Fund |
| PRA | Participatory Rural Appraisal |
| SDA | Social Development Association |
| Shorouk | National Programme for Integrated Rural Development |
| UNDP | United Nations Development Programme |
| USAID | United States Agency for International Development |

2.4 SOUTH AFRICA : COMMUNITY WATER SUPPLY PROJECTS

THE NATIONAL CONTEXT

The apartheid policy of South Africa deprived the majority of the population of both material and political resources, and the Mandela government is faced with one of the highest levels of income inequality in the world. The richest 10% of households comprise 7% of the population, and have 40% of all income. The poorest 40% comprise 50% of the population, and have 11% of all



income. Whites are the wealthiest groups, followed closely by Indian people, while coloured people are considerably poorer, and the majority of the African people are extremely poor. The Reconstruction and Development Programme (RDP) drove the electoral campaign of the African National Congress, and was the basis for all policy development before and after the election. The White Paper outlined four foci:

- meeting basic needs;
- developing human resources;
- building the economy;
- democratising the state and civil society.

The dominant value of the RDP was that development should be people-centred, focusing on active involvement and empowerment.

While the South African Constitution makes provision for the satisfaction of basic needs, the post-1994 macro economic policy, - Growth, Employment and Redistribution - is noticeable for its fiscal austerity. Budget allocations for social spending on health, education and social security have increased, although slowly, while those for housing and water have been sharply reduced. Across all sectors resources allocated can only cover the most basic of services. There has been a policy shift toward a higher level of self-sufficiency; service users have to accept a greater burden of responsibility for

accessing and maintaining public services. The state is increasingly taking a regulatory role, while civil society and the market are assuming a more prominent role in service delivery.

Local government is meant to deliver public services and to promote popular participation. However, effective local governance is constrained by inefficiency and corruption inherited from the previous regime, traditional structures and lack of resources. NGOs are important constituents of civil society, and have undergone a difficult re-orientation process. Many were active participants in the liberation struggle, now they have to learn new roles as service providers or social watchdogs. Sources of financial assistance are the state and northern assistance, and money is also collected from the public and from corporate donors. The South African NGO Coalition was founded in 1996 to encourage coherence amongst NGOs.

Few formal organisations are found in the rural areas. The church plays a prominent role, for example through the women's brigades of the Methodist and Lutheran churches. Indigenous savings clubs (rotating credit associations) are also widespread. The traditional authorities are powerful institutions and tend to be conservative, hierarchical, and patriarchal. Women have a place, but seldom in key decision-making roles. These community level institutions contrast strongly with the artificial constructs which have sprung up. The constitutions, democratic procedures, contracts and the residual obligations that they imply are ideas that are introduced by external agents.

THE COMMUNITY WATER SUPPLY AND SANITATION PROGRAMME

Among a range of specific inclusive measures put in place to assist the poor, water supply and sanitation programmes have been a major state initiative. The Department of Water Affairs and Forestry (DWAF) has a well-developed infrastructure network. Because of DWAF's pioneering work in forging new public/private partnerships, including community involvement, it will form the major focus of this study. The Department for Water Affairs and Forestry (DWAF) has embraced the contractual approach. Water service delivery is based on sets of contractual relationships both at a national policy level and at a local level, and recent policy directions have led to water service provision essentially being managed by contract.

The Community Water Supply and Sanitation Programme (CWSSP) is managed and funded by DWAF. One of its initiatives, the Rural Water Supply Programme (RSWP), has been contracted to the Mvula Trust, an NGO which focuses on rural water supply and sanitation. Mvula in turn has developed contractual relationships with communities who require basic water and sanitation provision. The community elects a water committee which represents common interests. In order to access certain technical and social services, the committee then employs consultants. Through DWAF, the South African state has also encouraged the formation of consortia of private firms in order to fast-track bulk service delivery of water. A three-cornered relationship operates: the state department DWAF, private engineering firms comprising the consortia and the non-governmental Mvula Trust.

The Mvula Trust and the Rural Water Supply Programme

The Mvula Trust is a non-profit organisation, founded in 1993 by a number of domestic non-profit funding institutions. The Mvula Trust identifies itself as the grant financier, facilitator and monitor of the Rural Water Supply Programme. The Trust has also undertaken other activities including policy development, loan financing for higher levels of service and capacity building of local-level agencies. In 1995 Mvula Trust signed an agreement with DWAF to collaborate on rural water and sanitation supply. Whilst maintaining its policies and procedures, it works on behalf of the DWAF. External funds from Mvula's other funding partners are used for policy development and capacity building. The RWSP has been devised and is run by the Trust. It is aimed at people living in marginalised rural settlements who do not have



adequate access to clean water and sanitation. Most of the projects which fall under the RWSP cater for communities of up to 5000 people. The RWSP comprises a series of stand-alone projects in selected rural settlements. Funding takes the form of a project grant aimed at providing a communal stand pipe no more than 200 metres away from a household and yielding 25 litres per person per day. At November 1998, 267 projects had been funded, 126 of which are completed and 141 of which are in progress. The average per capita cost of each project is \$ 40.00. The RWSP is a community-managed programme. The community is required to set up a committee which appoints the project implementing agent and a training agent, controls the flow of finance, takes key decisions during project implementation and is responsible for service provision after the project is completed. All initiatives including the proposal for the initial funding come from the community.

The Project Cycle of the CWSSP and the RWSP

Mvula operates according to a clearly laid out project cycle which includes the following stages:

- ❑ **Pre-contract phase:** An application is received by the Mvula Trust from the community. The application must be community-driven, the project must be cost effective, the technology employed should be appropriate and small and needy communities with the poorest level of service should be given preference. A project agent researches the feasibility of the project, and projects which meet the Trust's requirements are approved. The Trust has to submit a provincial business plan to DWAF and to the appropriate regional council for the release of funds. When funds are allocated the Trust issues a contract to the community.
- ❑ **The contract:** A contract for the project is drawn up by Mvula at its head office. Field staff, together with the project agent, explain the documents to the committee before the documents are signed.
- ❑ **Project-planning and securing a commitment:** The capacity of the water committee is assessed and strengthened. The community contributes 5% of the capital costs to an emergency fund which will cover repairs and further training if required.
- ❑ **Construction:** Implementation begins using labour-intensive technologies.
- ❑ **Completion - operation and maintenance:** The full responsibility for the management of the system is placed with the community, represented by the water committee.

The Contractual Relationships Created by the RWSP

- ❑ **The contract between Mvula and DWAF:** The Mvula Trust should assist with policy development and capacity building of various institutions including local government, water boards and DWAF. DWAF funds a series of Mvula projects on the premise that the Mvula Trust is accountable to DWAF for the funds (allocated to it) and it must ensure transparency and financial accountability.
- ❑ **The contract between Mvula and the community:** Mvula has developed a standard contract to govern the relationship between itself and a community. If all conditions of the contract are agreed by the community, it is signed by its' representatives. The Water Committee is required to take on a wide range of activities and responsibilities some of which are: a) to submit an application for funding; b) select a project agent and draw up a contract; c) understand the terms of reference and sign the contract; d) select a training agent and draw up an agreement; e) monitor the work of the project agent and the training agent; f) financial management, including budgets; g) manage the labour force; h) acquire materials; i) collect community contributions to the emergency fund; j) take all responsibility for repairs using money from fees collected; k) take action against those who default on payment; and l) account to the community about the water finances. The final point that needs to be made is that water committee representatives are considered to be voluntary workers.

- **The contract between the community and private contractors:** The project agents provide technical, managerial and administrative advice to the committee and should attempt to transfer these skills to the committee in order that water projects are sustainable. The Mvula Trust has a model agreement which it recommends that the committee and the project agent sign.

AN ANALYSIS OF CONTRACTURAL RELATIONSHIPS IN THE WATER SECTOR

The Relationship Between the Department of Water Affairs and the Mvula Trust

DWAF has four divisions: Planning, Implementation, Operation and Maintenance, and Institutional and Social Development. Each division is managed by a director, but the chief director does not have the means to ensure coherence in policies and strategies. DWAF contains diverging value systems and development approaches and most projects are top-down agency-managed initiatives.

The Mvula Trust is an NGO which seeks the delivery of water services to poverty stricken rural areas as well as to influence state policy. Mvula sponsors a particular community, assists in the contracting of project agents and later monitors the progress of the projects. The Trust also works as a successful independent funding body, defining its own implementation processes. This autonomy allows for customised and community-sensitive projects. DWAF has a more agency managed-approach while Mvula opts for community-managed service provision. An intriguing question is the extent to which the Trust's autonomy is compromised by its close relationship with the DWAF.

Mvula has a dual role as a project implementing agent for the DWAF, and informing national policies on water and sanitation provision. There is clear evidence of the respect that Mvula has won from the state, and of its potential influence in the water sector. This dual role seems to work to the advantage of both parties. A second aspect of the relationship concerns Mvula's dependence on DWAF as the sole funder of this programme. Dangers in this reliance on one donor are that the NGO might have to concede to the donor's ideological and procedural wishes and that its livelihood would be at risk should the funding cease. The third aspect is the new Water Services Act which enforces the decentralisation of water services management and provision to local government level. The Mvula Trust will then have to negotiate with local authorities rather than with DWAF. The partnership between Mvula and DWAF has excluded other players, and thus a relationship between Mvula and local government has not been developed. This jeopardises the future role of Mvula in water service delivery.

Public Private Partnerships: The Case of the BOTT Consortium

BOTT is a contract between DWAF and private consortia for bulk water service provision for the CWSSP. The elements of BOTT are:

- Build - construction of water supply infrastructure
- Operate - operations and maintenance of projects
- Train - building capacity of communities and local government structures
- Transfer - hand over water supply functions to local government

The contract is specifically a management contract which exists until the local institutions have the capacity to manage the project themselves. BOTT has achieved its goal of speeding up delivery, but public criticism has been high. It has cost much more than envisaged and critics suggest that BOTT does not pay sufficient attention to the beneficiaries. It also appears that there is no space for partners who bring alternate values and experiences to the venture. It appears that DWAF does not have the human resource capacity to inspect or visit the projects in order to monitor the progress and adequate reporting systems have not been devised. This approach to water delivery has potential, but has not been implemented effectively. It is clear that the partnerships between private and public entities have obvious power imbalances.

The Contractual Implications of the Water Services Act and the Role of Local Government

The Water Services Act of 1997 stipulates that over time DWAF will cease to implement water projects and the local governments will control all water services within their demarcated jurisdiction. Local government has a number of contractual options regarding the extent of delegation of these responsibilities:

- The local government provides a full service, including bulk and reticulation provision.
- The local government remains a Water Service Authority (WSA) and retains the role of bulk water provision and reticulation, but delegates the role of Water Service Provider (WSP) to CBOs.
- Local government contracts out the WSP function to a large organisation such as a parastatal or a private firm or NGO.
- The regional council retains the role of WSA but contracts out bulk services, reticulation and project implementation to a larger organisation or a joint venture such as a consortium. The regional council also contracts out the role of WSP to a water CBO.

The Water Services Act stipulates that an organisation cannot provide water services without seeking permission from a WSA. The WSA can appoint whoever it sees fit within its area of jurisdiction. Mvula is concerned that this policy may leave a very limited space in water service delivery for the approach developed by the Trust, since Mvula and the regional councils have very different approaches. The fourth option is regarded by Mvula as the most appropriate one; allowing community water committees to be the WSPs. Mvula envisages playing a support role to these committees. These committees would have executive powers. In effect there would be another level of local governance and it could be a real attempt to build up social organisation in rural areas to a point where they can manage a variety of developmental issues. Together with the Mvula Trust the DWAF has engaged in a programme to build partnerships between community based organisations and local government. Critics are concerned that the inexperience of the new local authorities, their shortage in resources, and their contradictory internal policies and practices prevents them from fulfilling the policies outlined in the Water Services Act.

Negotiating and Contracting: Community Based Organisations and their Relationships with Service Providers

The contract between Mvula and a community based water committee is a legal document which gives substantial power to the community partner. The contract explains the processes involved in the project and defines the roles and responsibilities of all parties concerned. From the Trust's side, many of the values of the organisation are included in the document. The four clauses within the contract are as follows:

- ❑ **Employment:** The Trust expresses its commitment to using local labour and expectations of employment are usually high. However, the first priority is to assist the community to develop its water resources, employment provision being a secondary objective. A clear distinction is made between the voluntary work of the committee and paid labour.
- ❑ **The Emergency Fund:** Up-front contributions to the emergency fund are seen as indicative of the level of commitment to the project. They also give the community experience of tariff collection, an understanding of the cost implications of their choice of service, and it ensures that any extraordinary expenses outstanding at the completion of the project can be met.
- ❑ **Accountability:** It is assumed that if communities are committed to projects, and are prepared to take responsibility for its success, then this will lead to their empowerment. The committee is accountable to the community and to the Trust for all aspects of the Project. However, no clause identifies how Mvula Trust is in turn accountable to the communities and what the community should do if Mvula reneges on the agreement. The current funding crisis in KwaZulu-Natal highlights the problem. A community had signed a contract with the Mvula Trust and the project was in the early stages of implementation when all funding for this project was suspended. The committee found itself in a quandary, fearing that the community would think it was being dishonest, and owing R 21 000 to the training agent. Within the committee itself there was much confusion about its contractual rights and obligations.

- ❑ **Financial Control:** The contract highlights the financial reporting requirements of the committee to the Trust. Funding disbursements are only made after the submission of reports detailing expenditure, The DWAF does not acknowledge the water committees as legal entities, so the Mvula bears the financial risk of financial mismanagement, poor quality work or incorrect procurement.

The other two contracts into which the committee enters are the contracts with the project agent and the training agent. The project agent shall provide technical and management assistance as agreed by the committee. The committee, in this instance, is the employer. Mvula liases with the engineer, but does not enter into any agreements with the project agent. The training agents shall provide organisational development, financial and project management training and follow up support. Again, the committee is the employer. Training agents play a critical role in community empowerment and in ensuring a chance of an equitable relationship between the committee and the project agents.

A common problem is that project agents do not recognise community wisdom and thus make errors in planning which could have been avoided. Also, consultants have not always completed their work according to the agreements negotiated. This suggests that there is not enough support available to communities to help them manage these relationships. Water committees are expected to manage complex sets of relationships, and are clearly at a disadvantage when it comes to contracting and negotiating with project partners.

Boxes 2.4.1. and 2.4.2. provide two case studies of communities entering the process of organisation, negotiation and contracting. The first example is of a Mvula funded water committee in a rural community. It is useful to seek some form of comparison with another sector in order to ascertain whether the processes of organisation, negotiation and contracting are specific to rural water issues or have a broader application. The housing sector has been grappling with issues of organising, negotiating and contracting since the late 1980's. The second example is thus from the Cato Manor informal settlement in Durban.

Box 2.4.1

A MVULA FUNDED WATER COMMITTEE IN THE MVUSANE COMMUNITY

Mvusane is a small rural community of some 9800 people, in the Umzinyati regional council, within KwaZulu Natal. Its inhabitants have low incomes and low levels of education. It is highly fragmented socially, traditional authorities play a significant role, and there are low levels of infrastructure provision. Mvusane has initiated 3 water projects. The first was not completed. The second project, Zamimphilo, is considered successful and was funded by the Mvula Trust. The third project, Ubuhle Buyeza, is still in the planning stage.

The Zamimphilo Water Committee

The community identified water as a need and each household paid R130.00 before the application to Mvula was approved. It took five years before the project began, primarily because the committee was concerned about issues of sustainability. It was decided that the community should perform as much of the labour themselves as possible. The community opted for communal standpipes. An operations and maintenance system is in place, which appears to prevent the problem of free riders, and on the whole the project is considered a success.

Several issues emerge as significant in this community:

- **The involvement of the Tribal Authority:** The chief is the honorary chairperson of the water committee and he is updated on progress and all key decisions. While the water committee manages the technicalities of the project, the chief performs the key management responsibilities. This is an efficient process in solving problems, but it is one, which is premised more on the power of the chief than on processes of participation and ownership of the project by the community. However, there is change in the traditional institutions. Women are included as council members and they are vocal in meetings. Tribal court development working groups have also been set up, taking responsibility for locating information and knowledge about different areas of service provision.
- **The involvement of community leadership in negotiation:** Two instances of negotiating have occurred in this community during the course of the two water projects. In the first instance it was about the position of the reservoir. When in the end the community had its way, this was principally due to the intervention of Vusi Chamane. Vusi Chamane is currently working with the project agents for both of the water projects in Mvusane. He is also a Councilor for the Untungulu Regional Council, and he is a tribal Councilor. His work both as a tribal Councilor and a local government Councilor means that he bridges the divide between formal and traditional authority. Chamane was also instrumental in the second instance of negotiating as he helped securing the third water project in Mvusane.
- **The impact of other rural institutions:** The Mvusane Working Group, which is a local development committee, appears to have a great deal of influence on the key decisions of the water projects. At the community meeting where the funding for the Ubuhle Buyeza project was announced, the Mvusane Working Group informed the people at the meeting who would be the engineering firm even before the community had formed a representative committee. This level of control over the committee discourages the development of strong rural institutions based on principles of democracy.

Ultimately this case highlights a contradiction between efficiency and empowerment. The processes of organising, negotiating and contracting in Mvusane have led to efficient service delivery. But there is doubt as to whether democratic institutions have been strengthened, or whether individuals have been empowered by the project.

Box 2.4.2

THE CATO MANOR SETTLEMENT

The Cato Manor settlement is an informal settlement in Durban on the East Coast of KwaZulu Natal. During the 1950s a variety of people settled in the area, during the 60's large scale forced removals occurred and in the 1980s Cato Manor developed into an informal settlement. By the late eighties this area was politically tense. Interest groups included a) neighbouring councils, b) ratepayers associations in adjacent wealthy neighbourhoods who took exception to "squatting" on their doorsteps, and c) political parties including the National party, the civic movements representing the ANC, and the Inkatha Freedom Party. A decision was taken in 1989 to form a Development Forum, which would comprise of all the broad interest groups.

Three years later the community started to be drawn into the negotiations, and seven years after the start of the project, construction finally began. The newly elected Durban Metropolitan Council had then taken over the project, bypassing the Development Forum. The Council thought that the level of unrest in urban communities and the prevalence of local elites/warlords, had worked against participative, negotiated means of problem solving. In many informal settlements, the living conditions are very difficult and health conditions are extreme. People need to be rapidly relocated to healthy and safe environments. Participation and negotiation is seen to cause too many delays. The Durban Metropolitan Council has shown itself capable of efficient, cost effective service delivery. Whether in the long term it will prove itself equally capable of cost recovery and sustainability is another issue altogether.

Community based organisations believe that community managed projects are cheaper and more sustainable than the alternative, bulk service delivery. Projects take longer to complete, but the critical factor is the capacity of organisations to manage these processes. Organic social movements which are capable of contracting and negotiating for resources have not emerged from South African communities in post-apartheid South Africa. It is noticeable that the few capable organisations that exist, such as the Self Employed Women's Union and the South African Homeless People's Federation, are both movements with international origins, or strong international mentors.

EFFECTS AND OUTCOMES OF THE CONTRACTING APPROACH

In this study we have presented a variety of newly emerging contracting relationships between different stakeholders. It is too early as yet to assess whether the water projects will be sustainable; whether the service providers will be able to recover their costs through water sales to end users, and whether service providers will be able to manage these services. It is certainly impossible to assess the effect of contracting arrangements on rural livelihoods.

A premise of this study has been that, if democratic rural institutions are strengthened, then the chances of sustainable projects for a wide spectrum of services are heightened. It also follows that the democratic base would be broadened. Democratic institutions in turn would result in increased gender equity, and real participation in projects would

increase the capacity of people to access and manage their resources. Some of the insights arising from this review of delivery of water in South Africa are as follows:

- ❑ **Sustainability:** Bulk service delivery has the advantage of rapid project delivery, but then may founder because there is insufficient institutional support. Community managed projects may take longer to deliver, but they are easier to manage and operate, they are cheaper, and they may hold greater potential for meaningful local level participation. However, even some of the smaller Mvula-funded water projects have already ground to a halt as a result of end users not paying for the services.
- ❑ **Participation:** In spite of extensive responsibilities of the water committees, they are brought into the project only after all the major decisions about implementation have been made. One result is that they have a poor understanding of the process and cannot control aspects of the project. An example of this is the budget, which is provided by Mvula. Mvula is then supposed to facilitate its management by the committee. However budget management is a complex process, and Mvula is in fact left with a great deal of power over the finances. Members of committees also often found the contracting experience very confusing. If people are expected to sign a legal document, they should be made aware of their rights, and have access to legal advice. Secondly, while water committees helped to build people's skills, some education was usually a prerequisite to involvement on committees. Where people who were not literate were included on the committees, they usually had limited involvement.
- ❑ **Gender:** Since women spend most time on water collection and management, the provision of water must have a positive impact on their lives. In terms of the decision-making structures, gender inequalities were visible in the water committees. This despite the fact that a gender quota applied to all the water projects. Leadership and technical roles were dominated by men.
- ❑ **Building Local Institutions:** The capacity and power of water committees to act as conduits for economic, social and political resources was quite limited. Case studies showed the dominance of other institutions, and how the role of strong leaders and powerful elites hindered the development of these committees. Some committees we looked at were stand-alone structures, formed for the purpose, whereas others were part of the existing development committees. An argument in favour of retaining separate water committees is that they provide the opportunity of developing specialist technical knowledge within the community. Water committees could come to be subcontracted by the new Regional Councils to play the role of Water Service Provider. This could be an opportunity for the practice of local governance to penetrate local areas. Water committees in time could then be developed to be platforms for further development activity.
- ❑ **Public-private partnerships:** BOTT contracts have excluded local government as the manager of water projects, and the enormous payments which are made to the consortia could have been allocated instead to local government for capacity building. The consortium is meant to hand over these projects to local government which in turn should operate and manage them. Due to insufficient capacity, local government has been unable to take on these responsibilities. A large number of projects have been completed but are not operational as there are no institutions to

manage them. Long term sustainability and the strengthening of local government are thus synonymous.

- The contractual relationships: The Mvula Trust has been involved both in government policy formulation and project implementation. In spite of a positive relationship with DWAF, Mvula is ultimately at the mercy of DWAF both in terms of money and reputation. A major problem with Mvula's contracts is that the lines of accountability are blurred. The funding crisis in KwaZulu Natal has shown in turn how vulnerable communities are in these contracts.

Three Preconditions for Successful Organising, Negotiating and Contracting

There appear to be three preconditions to the successful engagement of organising, negotiating and contracting which in many instances are absent in the water sector. The first is the need for an appropriate monitoring system. In numerous cases communities have been exploited by private consultants. Field workers should visit project sites to check that the terms of the contract are met. The second is the need for greater awareness by all parties of their rights, and what measures to take to ensure them. Finally, there needs to be a greater level of negotiation by communities in the project planning phase. Both Mvula and DWAF need to include communities in the project planning stage, as this would promote a greater level of awareness and real participation.

Concluding Comment

This case study has shown that the processes of organising, negotiating and contracting within community organisations in South Africa are still relatively weak. In order for the Contract Approach to function effectively community groups need the support of an active partner. Furthermore there is a need in South Africa today social movements to act as strong interest groups around particular sectoral approaches. The longer term outcomes for the poor appear to improve when they themselves are able to change social and material relationships. The South African government, or rather the culture of governance, to date still does not have the habit of being transparent. Democracy is in its infancy and civil society organizations struggle with problems of going to scale. This study has shown that, for historical reasons, it is too early to assess the use of the Contract Approach for significantly addressing the intractable problems of exclusion and inequality. However the example of the work of the Mvula Trust is encouraging if it is an indication of likely future developments. The task ahead must be to understand the strengths and weaknesses of the Approach, and to identify more precisely ways in which its potential for community organization can be realized. In South Africa this will take time but the evidence suggests that a more active Civil Society is emerging and will take up the challenges of poverty and exclusion.

GLOSSARY OF TERMS:

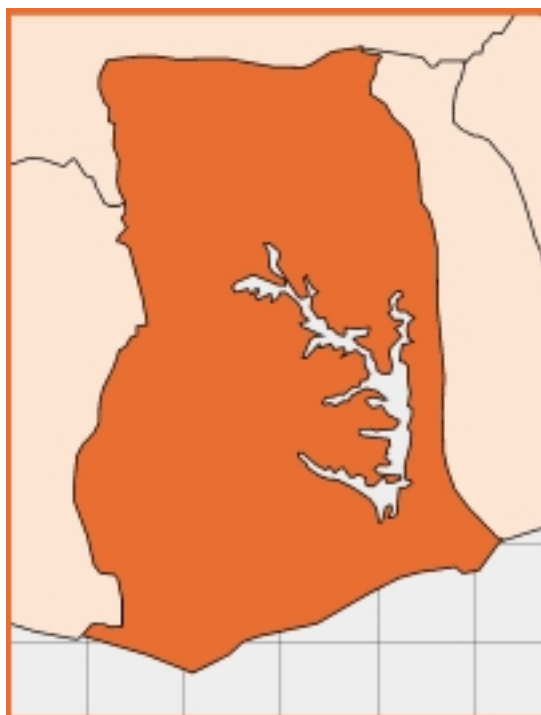
| | |
|-------------|---|
| BOTT | Build, Operate, Train, Transfer |
| CWSS | Community Water Supply and Sanitation Programme |
| DWAF | Department of Water Affairs and Forestry |
| RDP | Reconstruction and Development Programme |
| RSWP | Rural Water Supply Programme |
| WSA | Water Service Authority |
| WSP | Water Service Provider |

2.5

GHANA : THREE DEVELOPMENT PROGRAMMES: WATER AND SANITATION, COMMUNITY MANAGEMENT AND IRRIGATION

NATIONAL CONTEXT

The adoption of the Structural Adjustment Programme (SAP) in 1983 had major consequences for financing social services in Ghana. Subsidies on essential goods and services were removed, which directly affected the universal free provision of health, education and utility services. Several other SAP instruments had, at least in the short-term, negative welfare implications for Ghanaian households. Economic reforms also brought new responsibilities to communities for local development in what has become known as a demand-driven approach involving cost sharing. Under this arrangement, community based organisations (CBOs) were expected to take the initiative to attract funds to undertake development projects and assistance in their areas. Moreover, prior to Ghana's return to parliamentary democracy in 1992, a decentralisation programme was introduced in 1987 to provide an institutional basis for shifting the focus of development planning and implementation from the national to the district and local levels. Communities, through their organisations, were expected to move from being passive to active participants.



In Ghana, both the public sector and the private business sector have long relied on **contractual** agreements to bind their commercial and developmental commitments drawn up with other parties. District level contracting for infrastructure works has been widely introduced in the system of local government, but the introduction of contractual relations in local community projects is quite new. The Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) in 1989 contained many elements of the **contract approach**. While labour contracts featured quite prominently, equally important were efforts to introduce community contracts through support for community initiated projects. The three kinds of community contracts introduced under the PAMSCAD were: a) labour only contracts; b) labour and materials contracts; and c) full contracts. Through community initiated projects, the PAMSCAD scheme directed material and other resources to vulnerable groups in rural and urban areas. In most cases where community initiated projects received support, the communities entered into labour and material contracts. Recently, full contracts have become more popular

with development agencies. In these cases, the committees take up planning and management responsibilities from the start, working with the development agency.

In Ghanaian culture some enduring features common in **negotiation** and **contracting** include oral transactions and agreements, the use of symbols of agreement, formal witnesses, reliance on proverbs for definition and explanation, and resort to oaths to bind parties to the contract. At present many Ghanaians abide by a mixture of traditional and modern Western practices of negotiation and contracting, depending on the nature of the transaction. In areas where there is increased competition for scarce resources, such as land acquisition, traditional contracts now appear to be inadequate for safeguarding the interests of the parties involved. On the other hand, in matters related to mutual consent such as marriage, divorce and labour service there appears to be less pressure on the contracting parties to take extra precautions to protect their interests.

FOCUS OF THE STUDY

Three case studies will illustrate and serve as a basis for discussion of community contracting in Ghana:

- ❑ **The Water & Sanitation Committees (WATSANs) in the Volta Region Community Water and Sanitation Programme;**
- ❑ **The Village Committees (VC s) in the Tono Irrigation Project;**
- ❑ **La Mansamo Kpee (LMK) in La in Greater Accra.**

The main differences in the organisational features of the CBOs are that WATSANs and VCs are externally induced organisations with no legal status, with limited experience, and partly external goal setting; while LMK is a locally developed, registered NGO, with extensive experience and mainly setting its own goals. The study examines the terms of community contracting as practised in the three projects, paying special attention to the capacity of community organisations for negotiation and contracting. We also look at the socio-political dynamics of negotiation and contracting, and the implications of contract outcomes for the communities involved. While the experiences of the WATSAN committees will be described in some detail, the other two examples will be summarised more briefly, in order to compare the three cases and to draw some conclusions.

MULTIPLE CONTRACTS IN THE VOLTA REGION COMMUNITY WATER AND SANITATION PROGRAMME

In the restructured water and sanitation sector in Ghana, the government has sought assistance from various donors to introduce a demand-driven community water and sanitation programme (CWSP). The Volta Region Community Water and Sanitation Programme (VRCWSP) is a ten-year programme funded through the development co-operation between the Danish International Development Agency (DANIDA) and the Government of Ghana. It is managed by the Community Water and Sanitation Authority

as one of five such projects in the country. The ultimate aim of the programme is to provide potable water and improve sanitation as well as hygiene education to 50% of the rural communities in the Volta Region. Community participation in all aspects of the programme is a primary requirement. Communities have to form Water and Sanitation Committees (WATSANS) and take part in planning, construction and the management of the completed water supply and sanitation facilities. To promote this level of involvement, a built-in aspect of the project is that the beneficiary communities should be responsible for sub-contracting, giving the VRC SWP its characteristic multiple contracting project design.

WATSANS are involved in multi-level contractual agreements between DANIDA/VRC SWP, district assemblies, the private sector and community groups and as such act as the main liaison bodies between communities and other contract partners. Some major characteristics of the project are:

- ❑ Cost sharing arrangements are employed between the Government of Ghana, all 12 District Assemblies of the Volta Region and the DANIDA.
- ❑ Multiple contractual relations feature prominently in the project cycle between the project, communities and the private sector.
- ❑ A demand-driven approach that gives responsibilities to communities for selecting options for water and sanitation, and for mobilising resources.
- ❑ Written documentation in the form of memorandum of understandings and contract agreements, as well as informal agreements between stakeholders.
- ❑ There appears to be a high sense of ownership in the WATSANS which has been linked to their participation in sub-contracting.

Characteristics of WATSAN Committees.

To be able to qualify for assistance under the CWSP a community is required to form a WATSAN Committee. WATSANS are responsible for: a) providing leadership for the community in the choice of facilities, monitoring of the construction process and maintenance of facilities when constructed, b) collection and management of community funds required for the payment of their share of the project cost as well as the operation and maintenance of facilities, and c) hygiene education in the communities. The committees are taken through a series of training programmes in simple bookkeeping, fund-raising techniques, banking systems, health and hygiene planning and gender issues, as well as sessions on contracting and negotiation. Membership of WATSAN Committees is voluntary. The process of nomination varies from community to community and invariably some procedures are more democratic than others. Recommended membership size of WATSANS is between 8-15, and officially, they should consist of an equal number of men and women. Out of the 14 committees interviewed only one met these criteria. In these committees, men constitute about 63% of the membership whilst women constitute 37%. The number and range of executive positions created on each WATSAN committee varies. Some positions like chairman, secretary, treasurer and porter were found on each committee. There is an internal selection of office holders. 72% of office holders are men whilst 28% are women. An examination of the roles played by men and women on the WATSAN committees indicated that women,

irrespective of whether they hold official positions or not, work harder than men in carrying out the often daily practical duties of hygiene education and levy collection in the community. Whilst the men dominate discussions, decision-making and planning activities, women are largely responsible for carrying them out.

Though the VRCSWP puts a lot of effort into management and leadership training, the capacity of WATSAN committees depends largely on the educational background, as well as the relevant experience of members. While some of the committees are made up of retired professionals most of the committees lack personnel with a high literacy level. In many communities WATSANs have to compete with already existing community organisations for legitimacy and support. However, in most cases the committees have the backing of the chiefs and elders who may have a representative on the committee. Networking between WATSANs has been facilitated and has been useful for information sharing and strategic planning. Besides the direct tasks associated with the water and sanitation project, WATSAN members have to resolve a wide range of conflicts which can threaten their stability in the future if unchecked. These include:

- ❑ **Legal status:** Presently WATSANs are not registered as CBOs. The lack of legal status for the committees means limited powers of enforcement of their bye-laws.
- ❑ **Conflicting roles:** WATSAN committees have recently come into conflict with the constitutionally established unit committees which have been mandated to take charge of all development activities at the community level. Unit committees are threatening to take over the functions of the WATSAN committees.
- ❑ **Usurping of powers:** There have been cases in which WATSAN committees have been accused of usurping the powers of the traditional authorities.
- ❑ **Internal organisational weaknesses:** WATSAN committees are sometimes plagued with poor financial accountability, poor mobilisation skills, and lack of democratic processes in decision making.

Multiple Community Contracts in the VRCSWP

What comes out clearly in the VRCWSP and WATSAN interaction is the complex array of multiple contracts, and how this is further complicated by the widely uneven levels of skills and experience among the parties involved. Several contracts are negotiated within the project cycle of the VRCWSP. We will examine four basic types of written agreements in which the communities are directly or indirectly involved. At each level some amount of negotiation takes place between the principal actors. The agreements and contracts are labelled as Contracts I-IV and are described below under the six different stages of the project cycle:

Stage 1: Promotion of CWSP and Community Mobilization

The promotional phase of the project involves information dissemination about the CWSP to communities. After this introduction to the project, the communities are left to make their own decisions. In the new decentralised structures of government, District Assemblies (DA) are established as development units with full responsibilities for planning and development of their areas. Prior to the start of the programme, the DA enters into formal agreement with the VRCWSP. The signing of the Memorandum of Understanding between DAs and the project (Contract I) specifies:

- General principles guiding the co-operation between the DA and the project.
- Specific responsibilities of DA and of the project, and joint responsibilities.

The DAs' responsibilities include the setting up of the DWST, the creation of a special committee to oversee the work of the DWST and the appointment of personnel to serve on the DWST. The district chief executive signs on behalf of the DA and the regional co-ordinator of the project signs on behalf of the project. Two witnesses from each side sign the agreement. The agreement makes no provision for penalties in the case of infringement by any of the parties.

Stage 2: Application for Community Water and Sanitation

Communities apply for project assistance by filling out an application form, providing information on the community and the nature of the problems they experience in the water and sanitation sector. They have to form and register a WATSAN committee and deposit an amount of 100 cedis per adult in the community in a bank account. The registration levy is utilised by the project to carry out feasibility studies. The application form is normally signed by three people drawn from the traditional rulers and one other opinion leader. The terms of the application are:

- The community registers each member with a specified sum of money towards operation and maintenance.
- The community agrees to pay a specified percentage of the constructing cost.
- The community accepts responsibility for the ownership, management and operation and maintenance of the water supply and sanitation facilities.

Stage 3: Feasibility Study and Selection of Water and Sanitation Options

After the DWST has conducted a feasibility study the community is presented with a range of options. To a large extent the options are determined by the size of the population and its technology requirements, affordability and sustainability. The WATSANs are under constant reminder of the need to sign up only for what they can afford. Following the choice of the suitable technology the community concludes its first formal agreement with the project (Contract II), detailing the following:

- Number and type of water supply and sanitation facilities to be constructed.
- Roles and responsibilities of project and the community.
- Cost sharing arrangements between project (95%) and community (5%).

The contract is signed on behalf of the project by a member of the DWST, and by two members of the WATSAN committee, and endorsed by two witnesses. By signing the contract the communities pledge to: a) pay their share of the cost promptly; b) deposit the said amount in a bank account before beginning tendering procedures; and c) elect representatives to participate in supervision and site meetings during construction. A clause in the contract specifies that if the community enters into a sub-contract with a contractor the project will not be legally liable to claims coming from either party. It is at this stage that communities' lack of skill and experience in negotiation and contracting has been most evident. It is assumed in the contract that the 95% payment by the project should be enough for the contractor to complete the assignment. The payment of the community contribution to the contractor usually runs into a number of difficulties. The contract does not specify any penalties for the WATSANs for infringing on the conditions set out in the agreement.

Stage 4: Design of Selected Systems

After the final choice of technology, consultants are contracted to design the construction of the facilities. This stage is often of the longest duration and provides the most anxiety to communities eager to see the physical implementation of the facilities. The more complex the technology chosen, the longer they have to wait for the completion of the design. VRCWSP stepped in to speed up the process, and as such it helped to stem community disillusionment with the slow process.

Stage 5: Tender and Award of Contracts for Construction of Facilities

After the design stage, contractors who have been short-listed to bid for the project are introduced to the community for their approval. For the contractor it is an important occasion to meet the community. More significantly, WATSAN committee chairmen or secretaries are invited to participate in the tendering process. At these meetings they get to know the contract sum and the successful bidder. They also get to understand the process by which the successful contractor is selected and may be able to exert some influence on this process. The award letter to the successful contractors is issued by different agencies depending on the amount of money involved. The successful contractor enters into a contract agreement with the project (Contract III). The contract is very formal and specifies the works to be executed, the contract sum and the conditions. Two project officials sign on behalf of the project and the contractor signs on behalf of the company. This contract carries 95% of the total cost of the community project. Unlike the contract agreement signed between the project and the community, this one specifies penalties. For the remaining 5% of the CWSP contract, the community gets the opportunity to draw up direct contracts with the contractor. The contract between community and contractor (Contract IV) has to specify the following:

- Type of water or sanitation facility to be constructed
- Exact amount forming community contribution to be paid by community
- The mode of payments and in what installments
- Deadline for the payment of community contribution.

The document is signed by two or three representatives from the WATSAN committee, and endorsed by the contractor. The environmental health assistant who works at the community level signs as witness for the project. The communities can pay their 5% contribution in the form of direct cash payment, kind or partly in cash and partly in kind. Communities have approached their agreements with contractors from two angles: a) formal negotiation which involves the assistance of project personnel assisting, or b) informal negotiations in which communities carry out direct negotiations with the contractor without project assistance. Many infringements occur in the case of such agreements. There are examples both of contractors and communities failing to meet their obligations.

Stage 6: Construction and Follow-up

The WATSANs are part of the oversight team throughout the project life-cycle and beyond. Prior to the construction phase, environmental health assistants assist the WATSAN committees to draw a comprehensive work plan to be followed by the contractor. The WATSAN committees use this as a monitoring tool to check the progress of work. The committee also participates in periodic site meetings to discuss the progress and quality of work. Finally, a portion of the community's payment is retained pending the certification of the work after the trial period.

Improvements in Water and Sanitation through the Contract Approach

By September 1998, the total number of people served by the VRCSWP was 108,748, and construction was ongoing for facilities for further 190,000 people. VRCWP was more than half way to achieving its objective. Many WATSAN members indicated that the contract approach had assisted them greatly in mobilising resources for development. But project officials identified certain bottlenecks which still stand in the way of the transfer of community ownership and management of water facilities:

Delays that occur at various stages of the project cycle.

Unsuccessful experimentation with some technologies, wasting resources.

Low initial private sector capacity, necessitating a lot of training programmes.

High levels of support services provided by the project, which cannot be sustained unless district assemblies allocate more funds and personnel.

Although WATSANs seem to be firmly established in the community organisation landscape in the VRCSWP districts one question is whether in externally induced CBOs such as the WATSANs, ownership can be sufficiently transferred to communities for local organisations to survive the end of external project support. This is also a problem in the following case, the Tono Irrigation Project, while in the third case we examine the experience of a locally induced CBO, La Mansamo Kpee, in relation to negotiation and contracting.

NEGOTIATION AND CONTRACTING WITH FARMERS IN THE TONO IRRIGATION PROJECT

The Tono Irrigation Project (TIP) is a case of negotiation between community based organisations of small-scale farmers and the management of the irrigation project to secure formal and legal entitlements in the form of productive resources, particularly land and water. The case highlights the problematic aspects of community negotiation and contracting when the CBOs are not only externally induced but appear to be largely externally managed as well. The TIP has a catchment area of nine village communities. The acquisition of about 2490 hectares of land for the project in the 70s meant the dispossession of indigenous farmers who were paid compensation individually. The

intention of the Irrigation Company of Upper Region (Upper East-ICOUR) was to fully develop the resources of the area, to improve productivity, to boost incomes and, as such, to help alleviate the problem of seasonal hunger. The ICOUR initiated the establishment of village committees (VCs) following difficulties in dealing with farmers on an individual basis. For some, the VC represents the entire community of farmers in the village, although it effectively is made up of only five or so leading community members. The main duty of the VC is to promote co-operation between ICOUR and farmers, which includes: a) signing of contract for a five-year tenancy agreement; b) management of land allocation and proper utilisation; c) promotion of participation of farmers' groups in the irrigation maintenance; d) promotion of production and marketing; and e) assisting in the education of farmers. Over time VCs have also become an overall vehicle for social, economic and political development. In selecting representatives for the VC the communities have adopted certain guidelines to ensure adequate representation from the various clans. To some extent the TIP's failure to recognise the need to directly target women has further decreased their already limited traditional entitlements, and female attendance at meetings is quite low. Besides the VCs, local farmers have formed farmers' groups.

In many respects the VCs appear to be driven by the ICOUR. The ICOUR determines the agenda for meetings and most of the issues discussed are by and large those of interest to the ICOUR management. Many of the VCs are still struggling to establish procedures for their work. Their lack of organisational skills is reflected in the absence of democracy and transparency and such aspects as illiteracy among members, poor attendance of meetings, and poor record keeping and financial accountability. This organisational weakness has evidently hindered their negotiating skills. Presently, the VCs have a formal agreement with ICOUR to negotiate issues like land tenure and allocation, water and land preparation levies, input supply, credit facilities and sale of produce. In negotiation, ICOUR has the upper hand because of its superior capacity and control of land and other resources, and because of lack of preparation by the VCs. However, the ICOUR has shown flexibility in its dealings with the farmers and interest in finding more participatory ways of interaction .

Contract agreements under the project may be a signed (tenancy agreement, service contract) or unsigned agreement. Key areas of contracting in VC and ICOUR agreements are land preparation, water use and seed credit. While the contracts indicate clearly the ways in which VC s and farmers are to be penalised for non-compliance, they are silent on how the company is to be penalised for not fulfilling its part of the contract. Some farmers complained that quite often land is not prepared on time, that levies are increased arbitrarily, and drains and canals are not repaired when damaged. The legitimacy of the contract between ICOUR and farmers was also disputed by some farmers because they have not personally signed any such contracts. In spite of the glaring difficulties confronting the stakeholders in their negotiations and contracting over resource use in the Tono Project, on the whole farmers claimed to be better off than previously because the irrigation facility has enabled them to have two cropping seasons in a year, and food security has improved.

NEGOTIATING AND CONTRACTING WITH LA MANSAMO KPEE, AN INDIGENOUS COMMUNITY DEVELOPMENT ASSOCIATION

La Mansamo Kpee (LMK) in Greater Accra Region represents a strikingly different negotiation and contracting environment. In this case, both the group formation and proposals for development activity have sprung largely from local initiatives. The LMK was established in December 1979 by a group of five professionals. From an early stage, LMK acquired legitimacy as a CBO, due to its neutral stance in local and wider politics and evidence of commitment to its development objectives. LMK's initial concerns were limited to community mobilisation for clean-up work. Soon a broader development agenda evolved which now includes: a) infrastructure development; b) provision of basic social services such as primary health care, public toilet and bath facilities; c) basic education and vocational training; d) a credit scheme; e) a maternal and child welfare centre; and f) special women and youth programmes. This work is estimated to benefit directly and indirectly well over 10,000 people every year.

LMK has been able to attract community-wide involvement through incorporating clan representatives and other initially opposing parties into the association. LMK has also expanded its membership through creating a women's and a youth wing under its umbrella. The LMK formalised the association with a written constitution and in 1986 the association was registered as a not-for-profit non-governmental organisation. This allows it to generate a surplus to be ploughed back into its development programmes, and made it a legal entity. The LMK also recruited a full time secretariat and established committees for dealing with issues like finance, property, public relations, and agricultural/environment management. Certain individuals hold multiple offices, which poses the danger of concentrating leadership and recycling ideas. Presently LMK has a registered membership of about 115, including 30 clan representatives and 64 women. Women are said to attend general assembly meetings, and to contribute to discussions and decision-making, but are virtually absent from executive positions.

Fund-raising from local sources to support the extensive work is very modest, and financial support from various external donors have become the mainstay of the work of the LMK. Due to a high calibre of proposal writing and good contacts among the executive members, LMK has been able to attract financial support from a wide array of development agencies to support specific projects: The Anglican Church of Canada, Swiss Agency for Development, African Development Foundation, Co-operation for Development, Inter Church Community Organisation, VALCO Trust, La Citizens Overseas and Calabash Association. LMK has negotiated and signed formal contracts with the first five of these. Formal negotiation occurs between the association and its external partners over funding and the allocation of resources. Issues over which stakeholders have to negotiate in LMK development agreements include among other things: parties to the negotiation, objectives, costs, technical skills, material requirements, rights and obligations, management of projects, and sustainability. The LMK is well aware of the importance of skill and experience in successful negotiation. Internal negotiations involve different segments of the organisation's membership. The General Assembly of members discuss major proposals at the weekly Saturday morning meetings. When LMK negotiates with local and international sponsors, the participating members are limited to the chairman and key executive council members. LMK has returned the same negotiating team for almost 20 years. In spite of an apparent vote of confidence in the

negotiating team, the youth in the association would still like to see a more broad based negotiation team. There is concern that the spread of experience in negotiation within the organisation is very thin. So far the agencies that support the association have not played any direct role in training LMK in contracting skills. The LMK prepares negotiations rigorously in order to ensure that it receives the most favourable terms of assistance. It gathers information and data about the topic of negotiation, prepares objectives, identifies what local human and material capacity is available and not available, and prepares alternative plans of action for bargaining in order to speed up process and to maintain a focussed agenda.

The organisation makes a distinction between its contractual agreements and non-contractual or open-ended, non-binding agreements. The latter case refers to no-strings donations presented by individuals and networks. Contracts signed by LMK have been mainly with funding agencies. Invariably LMK has taken the initiative in all the contracts it has signed so far. The association normally prepares and submits a proposal for assistance to a development agency. When this is accepted the agency responds with a contract proposal. This is studied and discussed by the executive council. After LMK's lawyers have reviewed the contract document, a response is sent to the funding agency. Some of the contracts LMK has signed have clearly indicated rewards and penalties, although there are very few cases in which penalties have been invoked.

The LMK has made formal contracts with five major donors. In general all LMK contracts are deemed to have a significant legal status in as far as they are signed by the collaborating parties, both of whom are legally registered entities. The contracts that LMK has entered into have in common a type of partnership that clearly places LMK in a subordinate position. This can only be attributed to the association's limited resources and negotiating clout, despite its best efforts to maintain independence and equal partnership. Several questions arise concerning the politics of contracting between unevenly matched partners such as LMK and its development partners. On the one hand it seems as if LMK's weak position vis-à-vis sponsors limits its opportunity to make serious changes to agreements. Though there have been instances in which it has been able to modify contracts to suit its operational environment, on the whole one has to admit that the agencies that provide support to LMK usually have very clear notions about the conditions under which they will give assistance. Moreover, most of the provisions of the contracts it has been party to eventually protect the sponsor from any liabilities arising not only from negligence but also from unexpected events in the course of the implementation of the project. Protective clauses for the beneficiary of the contract, in this case LMK, have received less attention.

EFFECTS OF COMMUNITY CONTRACTING ON LOCAL LEVEL DEVELOPMENT

Community contracting in the three projects has brought all stakeholders face to face with the demand for accountability, transparency and responsibility at all levels of the project cycle. To some extent it has also made the larger community of beneficiaries more conscious of the costs and benefits associated with decisions that are taken on their behalf by their representatives. Moreover, by insisting that rights and responsibilities of stakeholders are delineated in a contract document, the contract approach

institutionalises the process of identification of tangible and intangible contributions of all stakeholders, particularly their responsibility towards problem-solving and the management of local development. The contract approach makes it imperative that objectives, inputs, outputs and target groups are specified. This raises the level of formalisation and documentation in project implementation and streamlines interaction between the stakeholders. The contract approach has led to the growing attention on both sides to objectives and resource allocation, indicating improvements in goal specification and management which result in clearly laid out contractual terms. On the other hand, where there have been weak contracts these inevitably cause confusion rather than streamline the co-operation between stakeholders. Difficulties with contracting are linked to institutional weaknesses such as lack of information, poor lobbying and advocacy skills, as well as the absence of clearly defined terms of reference which in some cases plague CBOs. Other institutional shortcomings can be traced to prevailing exclusionary practices that tend to discriminate against certain sections of the community, especially women.

Given that the LMK takes the initiative with respect to proposal writing and mobilising resources for development, it tends to stand out as more actively involved in negotiation and contracting than the other two CBOs. Yet LMK's influence on the final decisions affecting the contracting process appears to fall below expectation. Although the WATSANs are externally induced, they actively participate in negotiating contracts for community water and sanitation services. This appears to be linked to the cost-sharing obligations they have to fulfil in the project, and the efforts made by the project towards capacity building among the members. The preparation for negotiations and of contracts documents differs from one sponsor to the next and between different community based organisations. In the preparation of proposals, LMK possessed significant proposal writing skills which has improved over the years. Of the three CBOs the WATSANs appear to have gained most skills in negotiating contracts. The VRCWSP had made the greatest effort to build local capacity for negotiation and contracting and the results are beginning to show. Negotiation and contracting skills appeared to be lowest in the Tono Irrigation Project.

The sense of ownership of local development initiatives in the three case studies can be linked to a variety of factors: the source of motivation for organisational development; the extent of local support for CBO efforts; the ability to promote specific local interests; and the ability to mobilise local human and material resources. The evidence suggests that a sense of ownership of the development process is significantly higher in the self-developed CBO of LMK, compared to the passive involvement in the process by the VCs of the Tono Irrigation Scheme. WATSANs have evolved into quite assertive CBOs, although they continue to depend to some extent on the VRCWSP for overall guidance. Therefore, apart from local drive, ownership can be nurtured through a carefully planned capacity building process. Though contracting may raise the level of responsibility for CBOs, it has been observed that it is difficult to achieve balanced partnerships between CBOs with limited resources and their sponsors. In all three case studies, the CBOs are aware of their weaker bargaining position compared to funding agencies with respect to project resources, which more or less obliges them to adopt a subordinate partnership with the organisations.

Concluding Comment

The three Ghana case studies have underlined how the absence or presence of local representation, a supportive constituency, investments in organisational capacity building, and transparency in negotiation and contracting can affect the potential of the Contract Approach in building well organised and confident communities. The difference in how CBOs respond to opportunities for contracting does not appear to lie only in whether they are locally or externally induced, but more importantly in the **level of preparation** of the community groups to become involved for negotiation and contracting. It would appear that this fact largely determines whether community participation is to be used purely for administrative purposes without any transfer of power - as may have happened in the Tono Irrigation Project - or whether it is to be used to empower people and make their voices heard. To be able to undertake community contracting effectively, community based organisations have to gain **legitimacy**, and also have to acquire basic **organisational, negotiation and contracting skills**. It is necessary to introduce a more broad-based capacity building programme for CBOs, and development agencies have to commit more resources to this process. There is an urgent need to develop user friendly negotiation and contracting packages that can be used as reference materials by both development agencies and CBOs involved in this process in Ghana. To ensure that negotiation and contracting skills spread throughout CBOs, special efforts have to be made to guarantee that the process of negotiation is inclusive and not discriminatory. In this regard, introducing clear guidelines about how to protect the participation of vulnerable groups, particularly women, is essential. The Contract Approach has shown some potential in Ghana for empowering community groups, but it has also shown that it needs effective external support until communities are able on their own to confront its challenges.

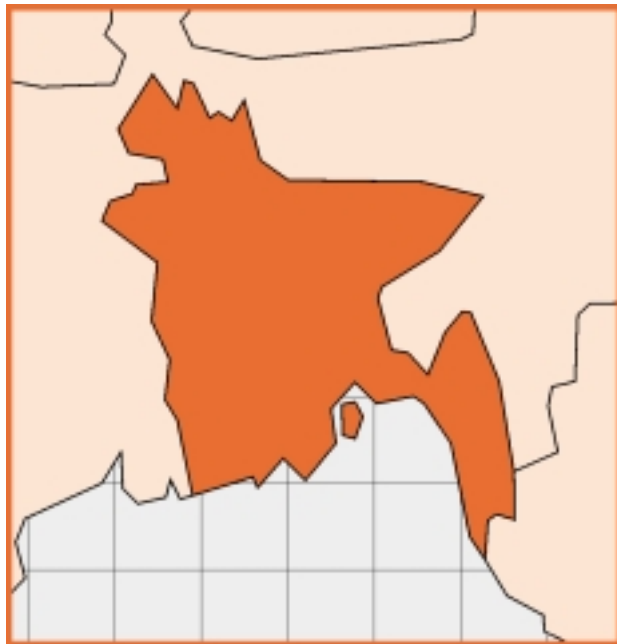
GLOSSARY OF TERMS:

| | |
|----------------|---|
| CBOs | Community Based Organisations |
| CWSP | Community Water and Sanitation Programme |
| DA | District Assembly |
| DANIDA | Danish International Development Agency |
| DWST | District Water and Sanitation Team |
| LMK | La Mansamo Kpee |
| PAMSCAD | The Programme of Actions to Mitigate the Social Costs of Adjustment |
| SAP | Structural Adjustment Programme |
| TIP | Tono Irrigation Project |
| UICOUR | Irrigation Company of Upper Region |
| VC | Village Committee |
| VRCWSP | Volta Region Community Water and Sanitation Programme |
| WATSAN | Water & Sanitation Committee |

2.6 BANGLADESH: THE EXPERIENCE OF LABOUR CONTRACTING SOCIETIES

National Context

The Constitution of the Peoples Republic of Bangladesh states that the fundamental responsibility of the State is to attain a steady improvement in the material and cultural standard of living of the people, with a view to securing for its citizens the provision of the basic necessities of life, including food, clothing, shelter, education and medical care; the right to work; the right to reasonable rest, recreation and leisure; and the right to socio social security. Bangladesh started its journey as a nation with this declaration of emancipation of its citizens from all kinds of deprivation. The basic objective of the First Five-Year Plan (1973-78) was to reduce poverty, and all the following Five-Year Plans reiterated such a pledge. However, in spite of efforts both by government and



non-government agencies to alleviate poverty, nearly half of the people are still poor, and half of these are extremely poor. The poor include mostly landless and female-headed households. There has been a modest reduction in the rate of the population below the poverty line but not in their number. The poor numbered 51 million in the 1990s compared to 44 million in the 1970s.

The concept AND practice of Labour Contracting Societies

With a rising awareness about the implications of the increasing number of landless and poor, an initiative for creating employment for these groups, based on the development of the Labour Contracting Society (LCS), has been promoted by both NGOs and the government. The LCS is defined as a group of landless men and women labourers organized into informal groups to implement small construction and maintenance schemes on contract. The objectives of the LCS are: a) to directly involve landless groups in construction and maintenance activities in order to create employment and income opportunities; b) to eliminate intermediaries; c) to ensure fair wage; d) to achieve a high quality of work; and e) to implement development schemes as per their time schedule. The size of a LCS ranges from 7 to 30 labourers depending on the nature of work. The members of the LCS select one chairman and one secretary and then submit an application to the relevant authority for a contract to execute a specified earthwork or

any other scheme. The practice of mixed LCSs consisting of an equal number of male and female members is followed quite widely. A female member should be either chairman or secretary of such a mixed group.

The LCS must have a bank account to be jointly operated by the chairman and the secretary. LCS is paid in three equal installments. The first installment is paid in advance, the second installment is paid after 50% of the work has been completed, and the third installment is paid upon 100% completion of work. The total cost of one contract with a LCS should not exceed Taka one hundred thousand (approx. US\$ 2,000), while it could go up to Taka five hundred thousand for a pre-qualified LCS. Some of the criteria for a pre-qualified LCS is that it has proven experience in relevant work; all members belong to the primary target group; it has a guarantor; it is able to undertake the responsibility of organizing and training the labourers and to supervise their work; it can negotiate a contract with the implementing authority; and it can operate bank accounts and maintain records and has the necessary equipment. Initially the LCS approach was mainly limited to earthworks, pipe casting and culvert installation activities. Now it also involves the maintenance of roads and structures, tree plantation and care taking, brick laying in brick-built roads and biogas plants.

The Local Government Engineering Department (LGED) first adopted the LCS approach in the Intensive Rural Works Programme (IRWP), and has over the years used it in a number of projects. Schemes to be implemented by a LCS are normally selected from a list of schemes identified in IRWP planning reports. Participation of local people in the process of selecting the schemes is encouraged.

THE ROAD MAINTENANCE PROGRAMME

CARE is amongst the NGOs in Bangladesh who has been applying the LCS approach for a while. It was earlier working with the Ministry of Relief and Rehabilitation in implementing a Road Maintenance Programme (RMP), which focussed on disadvantaged women. Now the Ministry of Local Government, Rural Development and Cooperatives is responsible for the RMP, and CARE is in the process of handing over the management of the programme to the LGED. Since 1992 the programme has included two integrated components: the Income Diversification Component and the Road Maintenance Component (RMC). The objective of the RMC is to assist in the development of a national system for sustainable, cost effective and well-maintained rural roads. The RMC organizes destitute women between the age of 18 to 35 years into a Road Maintenance Association (RMA), a self-managing and self-regulating association of 10 members. The members choose an Organizer, a Treasurer, and a Sub-Treasurer. The RMA is contracted by the Union Parishad (UP - the lowest tier of local government set up) to undertake rural earthen road maintenance. It has a Crew Account from which the wages for a fortnight period are withdrawn by the Treasurer/Sub-treasurer and distributed among the members.

The main responsibilities of the Union Parishad are: a) to select earthen road network for maintenance and to assign a target to the RMA on a bi-weekly basis; b) to participate with CARE and/or LGED in the initial RMA member selection process; c) to initiate a community awareness programme; and d) to monitor the performance of the RMA and take action to solve any problem. A contract is concluded between the UP and RMA detailing the responsibilities, duties and rights of each of the parties. Once the RMA members start work on the designated road, field staff from CARE and/or LGED trains the newly recruited RMA on quality road maintenance and group management.



The LCS and RMC approach covers the landless and poor, engages them in employment in organized groups and tries to create awareness, group dynamism and self-management within the group. The organized groups are encouraged to enter into a contract between the group and the authorities/local government institution. The approach and methodology of the study were based on the following hypotheses:

- Though there has been some economic gains for the poor belonging to LCS in terms of fairer wages, they have not yet been sufficiently empowered to get involved in effective bargaining and negotiation.
- There has not been substantial improvement in the condition of their living despite some accesses to work in lean seasons.
- There is doubt about the sustainability of this programme in the absence of donor support.

CASE STUDY OF A LABOUR CONTRACTING SOCIETY

This is a pre-qualified LCS working at Madaripur district, south of Dhaka. The LCS is about five years old and has 10 members, of whom two are female. The members elected a chairman and a secretary and received training in awareness of social issues and the management and technical aspects of the construction work. The age of the members of the group ranges from 25 to 40. The land owned by them ranges from 33 to 100 decimals. They all have other sources of income or another member of their households has some earnings.

The group was contracted to do pipe casting and the construction of a culvert. By working as a LCS group they get employment for a part of a year, a period in which their employment and wages are guaranteed. A major problem is that, after the contract is completed, they have to look for other employment. The group is normally informed about a job by the responsible engineer. Then a contract is prepared on a pre-defined format. If the contract is written in English, the engineer interprets the contract and they put their signature on it. They do not know the legal status of the contract. One of the members said: "We do our work as the officials ask us to do. The officials are very happy with our job. We've never failed in our commitment."

All members were of the opinion that, by working with the LCS, their economic condition has improved. They have also become more socially conscious and are more aware of their rights and of health and sanitation issues. All of them have now constructed sanitary latrines and they use water from a tubwell. They send their children to school and realize that education for girls is essential. They also said they were more respected by others. They can join in petty arbitration, suppliers of construction materials provide them with materials on credit, some officials talk to them when they come across them at public places, and they can use the benches and chairs of the local school for their meetings.

CASE STUDIES OF LCS MEMBERS

Case 1: Female LCS Member: Age 35 years

When her husband died F had four sons, the youngest only a child. She had a very hard time. Her husband had no land and so she had to stay with her father. She worked at rich farmers' homes as a housemaid. But no one retained her for long as her child was considered a burden. So F had no option but to beg. Many days she was without food. During illness the only treatment she could afford was seeking blessings of god through clergies. Now her eldest son works at a brick kiln while two other sons work as farm labourers. Her youngest son is at school. Now F is having a better life. She said that the reason behind this better condition is the contribution of her three sons and, also, her employment in a RMC group. By working with the group she has made savings and with a portion of the money she has started petty trading in paddy from which she earns Taka 15 to 20 every day. The total amount of savings she now has is about Taka five thousand and she is planning to buy a small piece of land. F is also a member of an NGO organized group where she has taken a loan amounting to Taka three thousand. This amount has been handed over to her son. F told that now other villagers treat her differently from how she used to be treated during her earlier days of destitution. But even today the NGO bosses scold her if she fails to repay the weekly installment.

Case 2: Male LCS Member: aged 45 years

B works as a farm labourer, doing earthwork or pulling a rickshaw. He has to travel across the district and to other districts in search of work. His one son and three daughters are students. The son goes to a "Madrasa" and the daughters go to primary schools. At the time of the interview, he was engaged in paddy harvesting work. Earnings as a member of LCS are less than earnings from working as a labourer, but he still prefers to work as a LCS member as employment is guaranteed for a certain period. However, he feels that the chairman and members of the local Union Parishad are opposed to the LCS approach, maybe because it lessens their shares. Once the contracted amount was not paid in full by the agency officials, and as a result the LCS members had to face financial loss. According to B his economic condition has not improved after working as a member of LCS. The condition of his thatched house has deteriorated but he is failing to repair or mend it. No one in the community pays any heed to him or to others associated with the LCS. B does not feel interested in the affairs of the community.

Case 3: Male LCS Member: aged 28 years

C is the president of the LCS, which was formed in late 1996. The local Union Parishad chairman held a meeting in the village. Two officials of the government agency involved with the LCS approach were present. A LCS was formed and they were called to the district headquarters of the government agency and asked to put their signatures on a judicial stamp. Then they were contracted for a canal-digging job. After the contract was signed they returned to their village and formed a committee of 30 persons who used to work as labourers. From among them two were chosen as president and secretary. A bank account was opened in the name of

the LCS. A one-day training course was given, mainly related to skill development. C told that the contracted amount was not paid in full to the LCS. As president of the LCS, C is still trying to get the money, but to no avail. He said that the LCS failed to make any savings after they had finished the job, as they were not paid in full. According to C, other members of the community now pay heed to him.

A CRITICAL REVIEW OF THE CONTRACT APPROACH

In Bangladesh poverty is so pervasive and all encompassing that it can explode anytime and endanger the existing social and economic structure. Without some support the poor can not survive. In order to judge the contract approach being used in Bangladesh, this perspective should be kept in mind. Through the contract approach the landless poor are employed for a certain period, which helps them to survive and to live. At the same time the influence of the center widens and an obedient labour force is organized, which is ever ready, faithful, sincere, tries-its-best-to-serve-better and is easier to control and monitor. It provides an opportunity to complete petty jobs without the hazards of professional contractors and distributing favours. The contract approach being used in Bangladesh is basically designed to serve the interest of the first party: the implementing agency/organization/programme/project. This is done in the guise of providing employment or broadly helping the poor. The contract approach is designed to provide employment and to guarantee fair wages, not entitlement or empowerment. A group of persons are organized out of a felt necessity, given employment in a bureaucratic fashion in a situation in which the group does not have any other option, choice or alternative. The basic elements of the contract approach should be: liberty, equal participation and equal standing of both parties. In the absence of this liberty and equality, a contract becomes distorted and takes the shape of a document between a "giver" and a "taker".

This is the case of the contract approach as it is being used in Bangladesh. The bureaucrats at the high, middle and lower levels offer the contract. The contract document itself is static with its pre-determined terms and conditions. The only undefined parts of the contract, the job description, amount of money and such, as well as which group is to be offered the job are also determined by the bureaucrat. The basic elements of a contract - liberty and equality - are absent. During the fieldwork no instances were found of the rejection of an offer of a job by a landless group. Participants were constantly afraid that any part of their comments might make the authority embarrassed and repeatedly asked not to reveal their names.

The steps leading to the formation of the groups are mechanical and bureaucratic, not active. For example, there was no evidence that any Participatory Rural Appraisal approach had been used in identifying participants and members of the group did not in all cases conform to the criteria of the target-group. The organization process is also bureaucracy-dependent. It is the will, desire or judgement of the bureaucrats which determine the formation, composition and dynamism of the group. The scope for negotiation is very narrow and has very little bearing on aspects of empowerment or entitlement. The negotiations take place only as issues of functionality or implementation procedure. As the approach is not based on participation and equality it has failed to empower the persons organized into contract groups. In one of the groups, even after about four years of working with the project, the women were afraid of approaching their supervisors. While some groups have developed group dynamism, this

is crucially dependent upon the nourishment, patronization, space or autonomy permitted by the authorities.

However, if empowerment and entitlement are taken very crudely in terms of enhanced income, there have been some achievements. Participants said that those who have other sources of income can benefit considerably by working with LCS. Otherwise the income from the contract makes no tangible contribution to their well being. A benefit of the approach pointed out by the participants was guaranteed employment, despite the fact that the wage rate was relatively low.

Another achievement is the transformation of agricultural labourers into a skilled or semi-skilled work force, which can now get involved in construction work. The mobility of a group is definitely of some significance. They go to different places and meet other people, which influence their thought pattern and makes them confident. The raising of awareness of the members of a contract group can not, however, only be attributed to contract work, as many of the participants received health related information through other donors and initiatives. To utilize the contract approach in organizing a community for constructing infrastructure, the participatory approach should be adopted. However, this requires a change in mindset, and it is not easy for a government agency to change the outlook of its employees to go for a participatory approach in dealing with a disadvantaged labour force. The NGOs have also not yet truly understood the inner logic of the participatory approach.

Concluding Comment

The Bangladesh case study is the most functional of those which were undertaken. It has focussed on a widespread practice – the use of contracted labour in government public works programmes – and it has shown the direct and tangible benefits that the Approach can bring in terms of wage labour. Essentially the Contract Approach – as employed by departments of the Bangladesh Government – is limited to the functions and responsibilities of the contracted community groups and methods of implementation of the public work. The contracts and the processes involved are highly functional and do not suggest any non-material spin-offs. However the study also further suggests that there is potential – as yet unrecorded and unproven – for the Approach to serve as the basis for forging new and stronger alliances between disadvantaged groups. But as yet the approach has not received any significant support outside of its immediate use within the context of public works. In order to achieve this broader goal, however, a number of pre-conditions are critical. These include: the nurturing of a democratic culture at every level of the implementing agency; a free flow of information; a free, frank and self-critical review and debate on the entire Approach; and a drive for transparency at all levels. These are major pre-conditions and it would be unrealistic to expect the political fabric of Bangladesh to suddenly embrace them. Yet the seeds have been sown and in Bangladesh the Contract Approach does organise and does pass on skills to previously excluded groups. The obstacles to its use in a wider sense are formidable and we should monitor the situation and see whether the Approach is able to build and strengthen autonomous community groups.

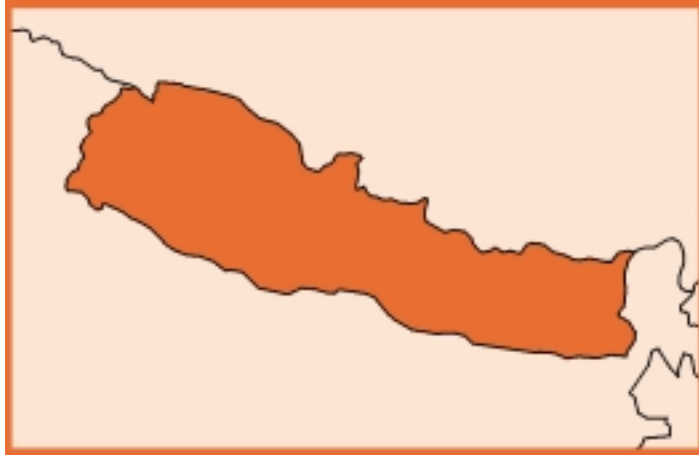
GLOSSARY OF TERMS:

| | |
|-------------|---|
| IRWP | Intensive Rural Works Programme |
| LCS | Labour Contracting Society |
| LGED | Local Government Engineering Department |
| RMA | Road Maintenance Association |
| RMC | Road Maintenance Component |
| RMP | Road Maintenance Programme |
| UP | Union Parishad |

2.7 NEPAL: WATER USERS' ASSOCIATIONS IN GOVERNMENT IRRIGATION SCHEMES

NATIONAL CONTEXT

According to the National Planning Commission of 1996, 49% of Nepal's population live below the poverty line, equivalent to 11 million poor. The Multi Purpose Household Budget Survey, which was conducted by the Nepal Rastra Bank in 1994/95, showed that 95% of the poor live in rural areas and 79% work in agriculture either as self-employed or as paid labourers. Underemployment, as well as poor financial gain for work in both self-employed and



wage employment, are major causes of poverty. In Nepal poverty is attributable much more to a low level of development than to inequality of income distribution. Programmes implemented to make resources available to the poor can be broadly grouped into two: a) self-employment creation programmes, which basically work by offering the poor either subsidized credit to purchase income-generating assets or by providing training opportunities; and b) wage-employment creation schemes, which are short-term employment generation programmes. They can also generate public goods and utilize the new skills acquired by local people under self-employment schemes. These schemes are basically in response to emergency situations like famine or potential drought.

The use of local community labour for constructing community infrastructure has long been an integral part of the Nepalese government's five-year plans. In the 5th plan (1976-80) the concept of people's participation was introduced in several Integrated Rural Development Projects. Outstanding features of the current 9th plan (1997 - 2002) include:

- employment creation through the use of appropriate and labour intensive technology and local skills, knowledge and materials in local infrastructure development;
- regional development aiming at enhancing agricultural productivity through construction of rural roads and irrigation;
- a focus on undertaking agricultural research according to local demand;
- expanding the use of locally manufactured goods and handicrafts to develop the tourism potential of the country.

The government has recently developed a national strategy for Rural Infrastructure Development. This aims at developing sustainable and environmental friendly rural infrastructure using labour intensive technology and local resources, within a decentralised participatory framework.

The Decentralisation Act of 1982 similarly focuses on promoting decentralised local development. The decentralisation laws revised in 1991 specify the organisation and function of the district development committees, municipalities and village development committees. Although currently these bodies mainly provide policy orientation on local level issues and co-ordinate the work of the government agencies, the government is keen to strengthen them financially and administratively through grants and separate funds. The Decentralisation Act has created social capital such as users' groups and committees, which can contribute to developing and managing infrastructure programmes.

The **contract approach** emerged in Nepal in the early 1950s as a result of the inability of the government to implement infrastructure development programmes at local level at a reasonable cost. As benefits of the approach were observed, the 1982 Decentralization Act led to a major policy shift towards the contract approach. The contract approach cited in the revised 1991 Act is a needs and a demand driven process, whereby previously excluded groups enter into a contractual arrangement and negotiate with local government to implement development programmes in order to gain access to resources for productive activity. There was further impetus with the restoration of democracy in 1990, when the government began a self-help programme. This gave ample opportunity for people to organize themselves, negotiate and bargain on various issues of common concern. Various acts and regulations simplified and expanded the contract process. At present, there is widespread application of the community contract approach in constructing community based as well as larger infrastructure.

Traditionally 'contract' is understood as a process or agreement between two or more parties for completing particular assignments under agreed terms and conditions. It is often thought that most contractors do not perform quality works, and that they care more about profit than about the welfare of local people. These days local people are starting to think that work done under 'contract' is not necessarily of low quality and that contracts generate employment for the unskilled and semi-skilled rural unemployed labour forces. Two types of traditional contracts are piecework contracts and project contracts. Under piecework contracts, construction management is given to community based construction groups or local contractors. The Department of Irrigation uses this system, in which the negotiation process has been highly institutionalized. In negotiating contracts, government agencies, project staff and community organizations are involved in power relations. The resource providers have more power, but if the community organization is strong enough it can exert its influence to get good quality works.

THE WEST GANDAK IRRIGATION PROJECT AND THE MARCHAWAR LIFT IRRIGATION PROJECT

The case study analyses the management transfer of two major irrigation systems to farmers community associations. The Irrigation Management Transfer Project (IMTP) was launched in March 1995 and is pursuing the gradual hand-over of irrigation systems to farmers' Water Users Associations (WUAs). The intentions are to reduce the government's financial burden and also to give greater control to farmers in the utilisation of resources. Nearly one dozen such projects are currently at different stages of management transfer. The target beneficiaries are the farmers, most of whom are marginal and poor, and who were largely excluded in the past by the project authorities. The Asian Development Bank is providing a loan of US\$ 18.35 million to execute the project activities and USAID/N has provided a grant of about US\$ 3 million for the technical service support.

Two major irrigation projects that recently have been transferred to farmers' groups are the West Gandak Irrigation Project (WGIS) and the Marchawar Lift Irrigation Project (MLIP). The WGIS covers 10,100 hectares and is located in Nawalparasi district of Western Terai. It is a typical example of the various irrigation sub-systems that are currently at different stages of management transfer to the farmers. The MLIP is located in the south-west of the Rupendehi district of the Western Development Region. It was first initiated in mid 1960s, but as the initial work broke down it was re-initiated in 1980 with assistance from UNCDF/UNDP and the government. Though it originally covered 5,200 hectares, infrastructure was developed for only 3,500. The management responsibilities of MLIP have now been taken over by the WUA. The WGIS and MLIP irrigation systems use the contract approach. The transfer process requires the organisational development of the farmers, the rehabilitation or improvement of the infrastructure before transfer, and a contract for the farmers' associations and their members to undertake renovations. The transfer process has four phases: a) the initial organisation phase, which includes a baseline assessment and the formation of WUA; b) the agreement phase, which includes the development of an action plan and an agreement of joint management between the WUAs and DOI; c) the implementation phase which includes monitoring, evaluation and follow-up; and d) the post transfer phase in which the government assists the WUAs.

The Water Users Associations

The WUAs are the main actors in the irrigation schemes and bear full legal responsibility for the management of their respective infrastructures. The contract between DIO and the WUA aims at: a) ensuring that the WUA has the capability to manage maintenance activities by itself after assuming responsibility of the irrigation system; b) providing opportunities for the WUA to access resources and gain experience of local resource mobilization related to construction works, and build its management capability; c) helping the WUA generate cash flows that would aid management and operation in the future; and d) promoting a sense of ownership of the irrigation system.

During the transfer process, the government helps the WUA with its organisation, registration, and capability development. The Water Resource Act (WRA, 1992) makes provision for anyone aspiring to use water resources on an institutional basis to form a WUA. The Water Resource Regulation (WRR, 1993) provides definite rules on how to form the association. At least seven persons, selected from the consumers, must tender an application to the District Water Resources Committee (DWRC). The DWRC issues a certificate of registration. The WUAs have written bylaws defining their authorities and responsibilities. Their operating policies vary as they prepare them themselves, however, there have been a couple of efforts to achieve consistency in their formation and statutes.

The form, type and structure of WUAs vary according to the size and nature of the irrigation systems. The WUA is based on the boundary of the irrigation system, beginning with block and tertiary level to the main canal system. A main committee of the WUA is mandatory, with under-committees at appropriate levels of representation. WGIS have a number of committees: a) the WUA Board of Directors which has 40 members and is responsible for broad policies, planning contract work and staff hiring; b) the executive committee, which has 5 members and performs day to day management according to instructions of the board; c) regional committees, which manage the canal system at regional level; d) branch and minor canal committees, which supervise and manage respective canal systems; and e) 171 tolies (teams) and upatolies (sub-teams) which distribute water, encourage local participation and collect Irrigation Service Fee (ISF). The organisation has four regional offices. Water delivery teams are assigned to each of the regions, which are responsible for overall operation and maintenance, water distribution and management and ISF collection. The teams are led by a trained Canal Management Work Force, consisting of five people, four of them responsible for each of the four major blocks while the fifth person co-ordinates the other four teams and liaises with the main committee. In MLIP, the WUA committees have three levels: a) a main committee of 12 members, which makes contracts with the government, undertakes key decisions and instructs block committees and arranges delivery of supplies; b) nine committees managing canal systems; and c) 127 block committees with 5-7 members, which distribute water, mobilise farmers and collect ISF.

Several other committees are set up for specific tasks during the management transfer process. These include:

- ❑ The Sub-Project Management Committee: In IMTP, a Sub-Project Management Committee (SMC) is established to support the transfer process. An SMC is also established in WGIS. The SMC should: ensure transparency in project implementation; maintain co-ordination between the WUAs and sub-project staff; make sure that all rehabilitation and improvement works in the irrigation systems take place in conjunction with the institutional development of the WUAs; and serve as a venue for the joint WUA and DOI staff review of implementation progress and accounting of project expenditures.
- ❑ Negotiation Committees: In WGIS, separate negotiation committees representing the WUA were formed when they were considered essential. These committees had the mandate of negotiating services, facilities and other resources offered by DOI both during and after management transfer. At least five such committees were formed during a three-year period in WGIS.

The WUA committees have democratically elected representatives from different parts of the command area. Over 65% of members in MLIP and WGIS are representative of small and marginal farm size groups, and a higher percentage of WUA functionaries comes from middle caste groups than from higher caste groups. Thus, the representatives come mainly from poor and socially mixed groups. WUA committees are required to have at least 20 % women members. In WGIS women's participation was reported to be increasing, whereas in MLIP it was found to be minimal. Both women and men are involved in implementing contract activities, but women are mainly involved as unskilled labourers.

CRITICAL REVIEW OF THE CONTRACT APPROACH

Negotiation and Contracting

Negotiations with WUAs range from highly formal to informal and from small-scale to large-scale and are generally made in writing. The WUA usually forms a special negotiation committee for negotiations with the government. The negotiation committees of WGIS held meetings with senior officials of DOI and other central level officials on such issues as: staff retention, vehicles and buildings, the repair and maintenance fund, ownership and utilisation of trees along canal banks and compensation of land encroached by canal system. The other level of negotiation takes place between WUAs and agency officials at the project site. These cover the works to be undertaken by WUAs. Many negotiations are held at the local level, including internal negotiations of the WUAs. These are mostly informal and cover issues such as system operation, water allocation and distribution, ISF rate fixation and collection.

Contracts between WUAs and agencies are quite formal. Officials draft a letter of agreement after having discussed and agreed its contents with the WUA. The draft agreement is presented during a general meeting of the farmers at which all beneficiaries get a chance to express their views. The letter of agreement is then finalised and signed by the agency official, the WUA representative and witnesses. The contract contains all terms and conditions, including rights and obligations of contractors and contract awarding agencies. The contract paper is annexed with the specifications for the works, which include the volume, quality, timing and duration. The contract process begins with the identification of works to be completed in a particular year or season. The agency takes the lead on identifying the amount of work to be done, consulting the respective WUAs and SMC members. The tasks are grouped according to their nature and size and the WUA and the agency hold meetings on construction works to be carried out in a particular fiscal year. Once WUAs decide which works they can do, the details of the design and cost of the works to be assigned are agreed and the agency issues the order to the WUA to start work. The agency provides technical staff on a regular basis to supervise, monitor and guide the WUAs to maintain the quality of the work and to accomplish it in time. The agency makes partial payments against works completed. As no advances are paid to the groups WUAs need to use their own funds initially for starting the work.

In the two irrigation projects studied, contracts have been awarded both to professional contractors and to the WUAs. New and technically complicated construction and rehabilitation works are often considered too difficult for the WUAs. The contracts which were completed by WUAs in the two sites included work like: construction and repair of the intake structure, river control, drain excavation, gear supply and fitting, road gravelling and canal lining. In WGIS, the WUA performed contracts worth more than 1 million Rs in two years, while in MLIP, the WUA completed two works last year, worth nearly 1 million Rs. The contract duration for different works varied from one month to about three months. The technical sub-project manager from DOI is the main person to monitor the quality of construction work completed by contractors and the WUAs. In addition, during implementation the Project Director and each SMC are responsible for ensuring the quality of construction work, and each project has a Quality Control Advisor. However, contract monitoring is reported to be less than satisfactory in the case of works done by the WUA in WGIS. The SMC, supposedly the main monitoring body for all contracts, was found to be less active in monitoring the contract works carried out by its own members. Only recently has a separate section been created in the WUA to look after the works done by WUA or its members. In MLIP, the work of the WUA was reportedly fine, in WGIS, however, there have been a lot of disputes over quality of works done by WUA.

Strengths and Weaknesses of the WUAs

The WUAs are relatively new and are still in the transition phase of the management of the irrigation systems. It is useful for future development to look at both their strengths and weaknesses. Some of the strengths of the WUAs are:

- ❑ The intensive managerial training has resulted in an increased capacity in terms of assuming responsibility, leadership, negotiation, bargaining and contracting.
- ❑ Increased organisational strength, through the formation and co-ordination of committees and through training programmes for WUA members. The responsibility assumed by the WUAs in irrigation system management has raised their confidence. The WUAs can motivate and mobilise people, and manage disputes and confrontations more effectively.
- ❑ The WUAs have gained increasing access to various resources institutions, as well as services delivered from government agencies.
- ❑ WUAs have developed their capacity to handle the financial management of the system, including fund raising and running costs. WUA treasurers have received training in doing accounts and record keeping, including budgeting and auditing.
- ❑ The technical capability of the WUAs and of local people has been upgraded. The transfer of technical know-how and skills is important for the sustained operation and maintenance of irrigation systems.
- ❑ Skilled and unskilled workers got employment and income, and financial resources are kept in the hands of local people.

Some of the **weaknesses** of the WUAs are:

- ❑ The contract conditions between the government agency and WUAs appear flexible and loose, which may lead to poor functioning of the irrigation systems and could generate irresponsibility on the part of WUAs. There are inadequate legal provisions to monitor WUAs in case they fail to comply with the conditions or do not complete the contracts.
- ❑ WUAs showed a tendency to approve works done by their members without always sufficient evidence of good quality.
- ❑ In WGIS, work done in a sub-contract manner by WUA or SMC members seems to be contrary to the concept of a community contract. There is less transparency and poor record keeping by the WUA on the work undertaken.
- ❑ In the contract works done by WUAs, workers were paid almost the same rate paid by the outside contractors, which is much lower than official guidelines.

Experience from the MLIP and WGIS sites indicates that contract management is not an easy task for the WUAs. Both management and technical skills are required for contract preparation and administration. They must be able to price the value of the contract in advance, and maintain up-to date records of work undertaken by local people. Also, they should be able to identify local skilled personnel. Most of the WUA officials have little experience of such matters and as such lack self-confidence. Often, workers from local communities are disqualified or discouraged from taking part in construction activities by officials who claim that they lack the technical, managerial and financial skill required. A certain level of reluctance has been observed within government agencies to award contracts to the local people. District and local government authorities still prefer a more centralized tendering system for large works. Though government legislation is in place for WUAs to execute works worth up to a maximum 1 million Rs, there are no specific administrative rules on how this process can be implemented. Frequent staff transfers are damaging to the efforts to enhance the ability of the government and donor agencies to use the contract approach.

EFFECTS AND FUTURE POTENTIAL OF THE CONTRACT APPROACH

The main positive effects of the Contract Approach in infrastructure development in the case studies would appear to be:

- ❑ Promotion of social justice by providing paid work for the poor in community infrastructure development. The contract approach appears to be a powerful tool to facilitate access to resources for development for disadvantaged groups.
- ❑ The emergence of WUAs as strong community institutions at local level has enhanced the negotiation and bargaining power of the local people and developed a feeling of ownership of the community assets being constructed.

- ❑ Cost and time effectiveness of construction works. Infrastructure is constructed in a short time and at a lower cost compared to the standard contract bidding process. There is also a multiplier effect on other sectors of the economy through employment and income generation.
- ❑ The WUAs gain technical and managerial skills and experience that will help the operation and maintenance of work in the future. Local labourers have also acquired new technical skills, semi-skilled labourers have moved towards being skilled labourers, and unskilled labourers towards being semi-skilled.
- ❑ The approach has enhanced the capability of 'negotiation' as a key operating principle of development interventions in both local government and donor agencies supporting development programmes. As the WUAs have gained expertise of managing community works, this has helped to bring about changes in the attitude of government authorities towards WUAs.

The experience in MLIP and WGIS shows that the Contract Approach stresses processes of community organization, dialogue and negotiation, as well as the more physical development of the poor communities. The Contract Approach has the potential to promote a relationship based on **"partnership"** between local communities and local government and to strengthen the democratic forces in the process of negotiation. In both MLIP and WGIS, this approach has promoted the broad development of the communities. However, the use of the contract approach has sometimes been constrained because of the lack of certain **pre-conditions**. Key pre-conditions include:

- ❑ an environment enabling participatory local development, including a degree of decentralised decision making to regional and district authorities;
- ❑ the existence of legally registered target groups' organisations (WUAs). The WUA must be strong and well managed to represent the interests of the target group. It will need to take rational decisions about how to manage the contract to get the best benefit and work quality. Organisational, managerial and bargaining capacity of the WUAs need to be strengthened.
- ❑ community capacity building. The technical competence of community organisations has been judged as sufficient only for involvement in not very technically demanding activities. Some investment to enhance their capability is needed so that they can be involved to their full potential.
- ❑ an environment of trust in which WUAs can be eligible for advance payment would enable them to undertake more capital intensive work. The WUA would also be able to learn more by doing more than one contract and the profit rate would probably increase in subsequent contracts.
- ❑ legal and regulatory reforms of the contract approach. There is an urgent need for well-articulated acts and rules regarding the WUAs, making them more accountable and responsible for finishing work on time. The expansion of the contract approach is constrained due to a lack of rules that discipline WUAs.

Concluding Comment

Similar the Bangladesh case study, the Nepal study is strong on the detail and the mechanics of the Contract Approach. Within the context of irrigation management, the Approach is highly structured within a framework government public works, programme committees and Water Users Associations. It is a highly technocratic approach which produces the goods in terms of effective irrigation management which in Nepal is a critical function of agricultural production. It would appear, however, that all of the immediate and visible benefits are within that function and community groups undoubtedly acquire new skills in project and irrigation management. Furthermore it has helped to underline the notion of 'negotiation' in irrigation management as opposed to direct orders and output requirements. Nepalese society is based on a widely understood pattern of authority and practices of public works and the WUAs function within those parameters. Development is still seen essentially as a process of 'delivery' with community groups playing a pre-determined and responsible role. Despite the changing political climate of Nepal in the past decade, there is little evidence as yet that such changes are having any significant effect on delivery and compliance at the community level. For the moment it would appear that the Contract Approach will have to function within those limitations.

GLOSSARY OF TERMS:

| | |
|--------------|--|
| DIO | Department of Irrigation |
| DWRC | District Water Resources Committee |
| IMTP | Irrigation Management Transfer Project |
| ISF | Irrigation Service Fee |
| MLIP | Marchawar Lift Irrigation Project |
| SMC | Sub-project Management Committee |
| USAID | United States Agency for International Development |
| UNDP | United Nations Development Fund |
| WGIS | West Gandak Irrigation Project |
| WUA | Water User Association |

CHAPTER 3: PRINCIPAL FINDINGS AND CONCLUSIONS OF THE CASE STUDIES

Understanding the Concept of Contract

The case studies offer a rich kaleidoscope of understandings and practice of the use of Contracts in promoting development activities. While there is an observable and general understanding running through the various studies, there are also a number of variations which show how the concept has been adapted to local cultural practices. Throughout the studies the Contract is generally and traditionally understood as an **agreed format** that describes the nature of the relationship between two or more parties. The parties could be a seller and a buyer, an owner and a renter, or an employer and an employee. At the formal level, a contract would be in a written explicit form with the names of the parties, their nationality, occupation and residence. The rights and obligations of each party and the terms of the agreement would be included. However, especially in rural areas, hiring labour for cultivation, work in small workshops, or work as electricians, plumbers and similar work, may not involve a formal written contract. Instead, a verbal agreement would be set to describe the relationship between the parties. Whether on the formal or the informal level, the provider of the asset or service usually has the upper hand in setting the rules and the conditions of the contract, although here is some evidence that the contracted groups are beginning to have some influence on determining the content and conditions of the Contract.

Running parallel with the above more formalised understanding of the term, in many of the studies there are a number of other features and practices of the use of Contracts which appear to be based on **traditional practices** of negotiation and agreement at the community level. This more traditional understanding is illustrated well in the Ghana study. In Ghanaian culture negotiation and contracting include oral transactions and agreements, the use of symbols of agreement, formal witnesses, reliance on proverbs for definition and explanation, and resort to oaths to bind parties to the contract. At present many Ghanaians abide by a mixture of traditional and modern Western practices of negotiation and contracting, depending on the nature of the transaction. In areas where there is increased competition for scarce resources, such as land acquisition, traditional contracts now appear to be inadequate for safeguarding the interests of the parties involved. On the other hand, in matters related to mutual consent such as marriage, divorce and labour service, there appears to be less pressure on the contracting parties to take extra precautions to protect their interests.

While there are interesting examples of less formal approaches to the use of Contracts and a general respect for local traditions which can influence a community's approach to entering into a contract, more commonly contracts as part of development projects or activities tend to be **formalised** and **written**. The first step is often a written Memorandum of Understanding, a Contract Agreement, or an informal agreement between stakeholders. A Memorandum of Understanding includes general principles guiding the co-operation and specific responsibilities of the contract partners. More detailed contracts between the community and the project specify the number and type

of facilities to be constructed, as well as roles and responsibilities of the project and the community and also the arrangements for cost sharing. between project and contractor: The contractor enters into a contract agreement with the project, and this is very formal and specifies the works to be executed, the contract sum and the conditions. Many of the studies confirm that the contracts are generally **standard written agreements**. The contract states the responsibilities and obligations of each party and typically includes the aims of the project, the contribution of both contract partners and any other relevant conditions. Attachments to the contract often include a budget, a description of the project and its goals, the time schedule of the project and the job descriptions of the people involved in the project. However not all contracting groups can handle the formal nature of the contract approach:

In Bangladesh the contract between a Labour Contracting Society and the engineer is prepared on a pre-defined format. The members of the LCS are not even always able to read the contract themselves. If the contract is written in English, the engineer interprets the contract before they sign it. Often they do not understand the legal status of the contract. The bureaucrats also present pre-defined contracts. The only undefined parts of the contract such as the job description and the amount of money, and which group is to be offered the job, are also usually determined by the bureaucrat. This is an example of contracting with no sense of freedom and equality between the partners not with any real sense of organisation and negotiation.

Nepal and Egypt also reported that local communities may not always fully understand the contracts into which they are entering. Furthermore the formal nature of the contracts and the often over-bureaucratized manner in which the contract process is conducted can put local communities at a disadvantage. On the other hand, the South African study suggested that well organised local groups, which have the support of competent agencies, can often mould a contract more to their favour. Generally, however, it is the bureaucrats and the local contractors who have the upper hand and communities which enter into contracts to supply services to a development project are invariably at the mercy of those who have largely drawn up the terms and conditions.

THE CONTRACT APPROACH : THE BALANCE SHEET

The seven case studies are evidence of the increasing use of the Contract Approach in the implementation of development projects and activities. We have seen, for example in the Nepal and Bangladesh case studies, the generally formal nature of these contracts and their tendency to bureaucratize the relationship between the contractor and the contractee. Furthermore, the approach is now becoming quite established in a number of countries and we can begin to see how it is impacting on the lives of the poor communities which enter into such contracts. Inevitably with such an approach there will be winners and losers and we cannot assume that the contract approach is either an instrument of control or labour enforcement, nor that it leads to the emergence and strengthening of locally based development groups. Below we review the evidence from the case studies and draw up a balance sheet:

The Difficulties and Weaknesses of the Contract Approach

- ❑ **Egypt:** a general weakness of the contract approach was that negotiations between various actors were mostly on a one-to-one basis, and no mutual understanding of the project was developed. This might be a general problem in the contract approach, with many partners and separate negotiations. Furthermore the limited experience and knowledge of participating local organisations was a problem. The limited capacity of these organisations created a sense of dependency rather than a partnership relation with the IA.
- ❑ **Brasil:** limited access for the poor to resources in the project. It was recognized in the Brazil case that in order for the poor to have access to resources for development, they need certain "social capital" characteristics. The really poor and excluded would, therefore, find it difficult to gain access to development funds through the contract approach, as they would not have the necessary social organisation. However, in São Paulo both the PA and the HMU sought to develop the basic community skills of the most excluded groups in order that they could be involved in contract work.

Despite the immediate and positive benefits that the Contract Approach can bring to poor communities, by its very nature it has inherent **weaknesses** which the case studies have identified. The approach's potential for excessive bureaucracy, the potential also for local political influence on decision-making in terms of which groups are to be awarded contracts, the lack of control over the level of wages paid by the contractors and the different demands of quality control, can all frustrate the implementation of the approach. The politicking in the awarding and the conditions determined for a contract have been highlighted as constant realities of the approach across the different countries. Furthermore the short-term nature of many contracts can make it difficult for participating families to predict how long their involvement can be sustained and the increasing pressure on them to comply with the demands of bureaucrats adds to a further burden to their lives. A major weakness, however, is the evidence that suggests that many poor communities and families are getting involved in contract work without fully understanding the implications of this involvement. While the benefits are attractive and can be real, there is always a potential danger for a poor family or community to get involved in a formal contractual agreement without either fully understanding the legal basis of their involvement nor having access to support should any problems arise. While the case studies, however, alluded to these kinds of problems, there was no substantial evidence of any major abuse of poor communities by contractors other than the general criticism that one can make about the poor level of wage payment.

Given the fact that few poor community groups or families will have the experience of dealing with officials within the context of a formal contract, there will inevitably be a whole range of **consequences**. Many of the studies reported that communities often appeared quite unprepared for the encounter with the bureaucracy which inevitably accompanied contracts. Furthermore, while some communities had built up considerable experience with the approach, most were still learning and lacked the depth of skills and organisational capacity to defend their interests. Also there were few support organisations available to help those communities which did not have this depth of experience (Egypt, Ghana). Such inexperience usually resulted in the communities not fully understanding the complicated processes involved, and this can have disastrous consequences such as wage loss because the community had not fully complied with the

contract (Bangladesh) . In several instances this can be brought about by one or two influential community members taking the initiative, negotiating a deal with a contractor and committing the community to a contract which the majority of its members don't fully understand. The legal status of these contracts is often the main point of controversy and, in this, poor communities are always at a disadvantage. As several of the studies point out, these kinds of difficulties could be overcome if there was an effective monitoring system to track the contracts and ensure that these kinds of difficulties did not arise.

Strengths and Achievements of the Contract Approach

- ❑ In **Brasil** the self-help housing movement got stronger with its new responsibilities and took on political significance, increased its executive ability and opened up opportunities for new leadership. As the various challenges emerged options and solutions were discussed, a participatory process was at the heart of all activities and the contract approach became a kind of 'schooling process' for democratic practices.
- ❑ **Nepal**: increased capacity in terms of assuming responsibility, leadership, negotiation, bargaining and contracting. Increased organisational strength, through the formation and co-ordination of committees and through training programmes for WUA members. WUAs have developed their capacity to handle the financial management of the system, including fund raising and running costs. WUA treasurers have received training in doing accounts and record keeping, including budgeting and auditing.
- ❑ **Bolivia**: although the case study showed that the first phase of the project was not very successful, it did suggest that this experience had had some positive aspects : a) the project contributed to improving the technical capacity of the peasants; b) it strengthened the negotiating capacity of the peasants, with positive repercussions on the local price of timber.

The above are examples of the specific strengths of the Contract Approach in three of the countries. More generally there are a number of common strengths of the approach which run through most of the studies:

- ❑ the building up of local **confidence** in the management of resources and in the planning of development initiatives
- ❑ the strengthening of a sense of **ownership** of the development activity on the part of local communities and the increasing of effective local participation
- ❑ the development of certain **skills** – in particular 'negotiation' and 'organisation' – as well as specific technical skills such as bricklaying and electrical installation, for example.

Most importantly, the Contract Approach can have an immediate and direct effect on the incomes of poor people through the employment opportunities which it can create. While contractors benefit from the approach in the sense of the availability of a locally experienced pool of labour, poor people can hope to benefit immediately in terms of the wages which they receive. The Contract Approach is a way of putting money directly into the pockets of the poor and the evidence of the case studies suggests both that the poor tend to use this money responsibly and that many women gain direct access. In Nepal and Bangladesh the studies reported that many poor families develop particular skills as a result of experiences with contract work and are able to sustain their employment in such schemes over a long period of time, thus securing family income. If handled properly and despite the culture and attitude of the bureaucratic procedures involved, the Contract Approach can significantly transfer resources to poor area in exchange for the labour of local people.

The members of one Labour Contracting Society in **Bangladesh** agreed that by working with the LCS, their economic condition has improved. They have also become more socially conscious and are more aware of their rights and of health and sanitation issues. They also said they were more respected by others. They can join in petty arbitration, suppliers of construction materials provide them with materials on credit, some officials talk to them when they come across them at public places, and they can use the benches and chairs of the local school for their meetings. The Bangladesh study suggests that there have been some real achievements. Those who also have other sources of income can benefit considerably by working with LCS. Otherwise the income from the contract makes no tangible contribution to their well being. A benefit of the approach pointed out by the participants was guaranteed employment, even though the wage rate was relatively low. Another achievement is the transformation of agricultural labourers into a skilled or semi-skilled work force, which can now get involved in construction work. The mobility of a group is definitely of some significance. They can now go to different places and meet other people, which can influence them and make them more confident. Essentially, however, the LCSs are to do with contracting wage labour and it has yet to prove itself as a mechanism for community organisation which could form the basis of more concrete changes in local power relations.

On a broader level the Brasil case study raises the issue of whether the Contract Approach can help effectively to **empower** poor and excluded communities. On this the evidence from the study as a whole is not conclusive. Much depends on the base from where the community begins and on the level of new skills which it has been able to acquire. In one sense any empowering takes place through skill acquisition and the obtaining of new ideas and knowledge associated with the tasks involved in completing the contract. At a broader and more 'political' level the evidence is less convincing, although interestingly both of the Latin American case studies suggest that this is a potential outcome of involvement in contract work.

THE NEGOTIATING PROCESS

While there is no shortage of literature and examples on the issue of 'organisation' and the processes involved in strengthening local structures as vehicles for greater community involvement in development, the novelty of the Contract Approach is the **negotiation** between the parties which takes place. Involvement in this process is supposed to help strengthen local communities and be a skill which could serve them well in future involvement in development activities. In the first instance the studies throw some light on the relationship between the various **actors** involved in the Contract Approach, a relationship which very much colours the negotiation process. In this respect the studies collectively suggest that, in the negotiation process, the communities or groups are generally not in a strong position. On the issue of **accountability**, for example, most of the cases suggest that the groups are accountable to the contractor but not the other way round:

In the contract between Mvula and the DWAF in South Africa, DWAF funds a series of Mvula projects on the premise that the Mvula Trust is accountable to DWAF for the funds and it must ensure transparency and financial accountability. Next the water committee is accountable to the community and to Mvula, while no clause identifies how Mvula is accountable to the communities. This led to problems for a community in KwaZulu-Natal. This situation is linked to the fact that DWAF does not acknowledge the water committees as legal entities, so the Mvula bears the financial risk of financial mismanagement, poor quality work or incorrect procurement.

In all of the studies, the contractor basically has the upper hand. In Bangladesh the distinction is drawn between 'givers' and 'takers', with the latter in greater control, while the Nepalese study concludes that, since the contractors have the resources, they inevitably have full control of the situation. These contractors don't usually involve the local groups more than they have to; there are rarely any formal meetings between the different parties, different contract groups are not encouraged to come together and the groups become entirely dependent on the contractor in the whole process. As expected, government officials rarely supervise the contractors and there are few mechanisms for resolving disputes and difficulties; the contractor makes the decisions on such matters. The relationship between the different parties in the contract and in the negotiations which accompany it are clearly unequal, but neither are they generally conducted in a manner which recognised the value of the group's contribution.

The result is that, although one of the Ghana studies and Brasil report a positive and recognised contribution of the groups in the negotiation process, in the other studies the findings are not so favourable to the community groups. South Africa reports that groups are at a 'disadvantage' in negotiating because of the complexities of some contracts; in another Ghana study the village committees are essentially weak and the ICOUR always has the upper hand because of its superior capacity; while in Nepal the fact that negotiations are often conducted informally and involve extensive writing puts the community groups at a disadvantage. Such conclusions are perhaps to be expected. It is encouraging to note some positive moves in the direction of making the contract and negotiating processes more community group-friendly, such groups will nearly always be at a disadvantage in what can be complex, legalistic and long drawn out procedures.

Allied to the negotiation process is the expectation that involvement in the Contract Approach will help also to strengthen **organisations** of local community groups and help them to build representative structures which could serve them in future development initiatives. In this respect the South African study would appear to admirably summarise the dilemmas:

In the case of the Zamimphilo Water Committee in South Africa the traditional chief has assumed a major role in the water committee. We also saw the importance of the involvement of another man of community leadership in negotiation in the community. Also the local development committee has a great deal of influence on the key decisions of the water projects. This level of control over the committee, from various traditional authorities, discourages the development of strong rural institutions based on principles of democracy. This highlights the contradiction between efficiency and empowerment. The processes of organising, negotiating and contracting in Mvusane has led to efficient service delivery. But there is doubt as to whether democratic institutions have been strengthened, or whether individuals have been empowered by the project.

The dilemma is between the immediate organizational gains of community groups as they get involved in a contract and the longer term strengthening of these bodies to serve as the basis for continuing involvement. Most of the studies report that community groups did show evidence of taking on some form of organization as a means of implementing the contract. This is in contrast, however, with the potential of these organizations to assume a longer-term perspective and to serve as the basis for a more structured and permanent organization to represent the interests of the group. A combination of traditional local authority, existing structures of power and their own relative inexperience, all combine to undermine the efforts of the immediate and often ad-hoc project strikers to grow into anything more substantial. Undoubtedly involvement in a contract brought about some immediate greater involvement in different aspects of local development and the community groups clearly became more cohesive and organized in the face of the need to fulfill the contract. But perhaps it is the short-term nature and lack of continuity, which makes it more difficult to turn these initial moves into anything longer term.

SOME BROADER DEVELOPMENT ISSUES

Any development strategy or approach, which seeks not only to bring immediate tangible benefits but also to construct a more longer term basis for a group's development, will have to be assessed in relation to **power** and its distribution at the national level. The Contract Approach will have to be assessed accordingly. In several of the case studies (Brasil, Bolivia and Ghana, for example), the researchers have tried to locate the case study within the context of wider societal movements of 'civil society' to construct a base from which excluded groups can begin to become involved in development activities. While, of course, each of the studies was examining the Contract approach in a limited context, several of the researchers have extrapolated from their findings and suggested a number of broader findings. And it is in Latin America that these findings might be more substantial. The evidence suggests that in that region of the world, community level movements and organizations may be stronger and more linked into similar existing structures. This can be illustrated by the Bolivian case study:

In Bolivia the introduction of the Popular Participation law and the Administrative Decentralization law have been followed since 1994 by an extensive reform process. Major aims are to decentralize government functions, to release resources for basic services and infrastructure and to promote popular participation in decisions about public investment. Municipal governments have become more involved in natural resources management. The 1996 land and forestry reforms legalized ownership and established a more appropriate institutional framework to control the use of these resources. They have had important consequences for local institutions and producers. The project underwent significant changes in approach as a result of the introduction of new land and forestry regulation and policies. The local and/or municipal sphere has become particularly favorable for arranging contracts and collaboration agreements between those who seek sustainable forest management and those who seek better living conditions.

Similarly the Brazil study sees the housing associations as part of a wider movement of civil society and points to its increasing strength in Brazil; in South Africa emerging forces of democratization are giving encouragement to the types of structures examined; and in Ghana structural adjustment policies have led to an increasing emphasis on local development and the involvement of rural communities in the country's development. The potential of structures formed around community groups which 'contract' to undertake a specific task is, therefore, understandably closely linked to the prevailing political climate and, in particular, to the extent to which such structures can link up with broader movements of civil society. The findings of the case studies would suggest that this is more possible in Bolivia (favorable prevailing political climate) and in Brazil (location of contract groups in a major metropolis), but that in the other studies the potential for such links was more remote. We have seen also (South Africa and Egypt) the importance both of traditional leaders and of key influential political figures in determining the nature and strength of any organization that emerges and that such figures will always seek to ensure that any emerging structure serves their interests as well as those of the community group.

Another interesting aspect of the studies' findings relates to the influence of contract groups on **gender** relations at the community level. In this respect the Ghana study concluded that, while men dominated discussions, decision-making and planning, it was the women who tended to get on and do the work. While several other studies echoed this observation, most saw the involvement in contract work as generally having a positive effect on women's position in their communities:

In the housing projects in São Paulo women played an important role in the day-to-day work, participated in negotiation processes and held key positions in the umbrella organisations. Between 70 and 80% of the self-help workers are women. They play an important role in negotiating and contracting. It seems that they have taken on leading roles because they feel at ease discussing housing. The National Housing Movements Union is currently co-ordinated by a woman; an example of female presence at all levels.

The practice of mixed Labour Contracting Societies in Bangladesh consisting of an equal number of male and female members is now quite common. A female member can be either the chairperson or secretary of such a mixed group.

In Nepal Water Users Associations committees are required to have at least 20 % women members. In WGIS women's participation was reported to be increasing, whereas in MLIP it was found to be minimal. Both women and men are involved in implementing contract activities, but women are mainly involved as unskilled labourers.

The overall evidence from the case studies is positive in terms of some of the immediate benefits that membership of a community contract group can bring to the poor. The studies also detail the effects that involvement in contract work can have on broader community involvement, despite the many local factors which can influence and even deter this involvement. On balance, however, the studies paint a picture of an approach which is predicated on several crucial factors: **the political context, the level of skills and organisation acquired, the degree of association with broader movements and the nature and intensity of local support or opposition.** In general terms, therefore, the studies' conclusions point more to localised and tangible benefits with perhaps some residual transfer of local power rather than any fundamental shift in either power relations at the local level or in terms of the access of the poor to resources for development. But such conclusions must be read on the understanding that this is the first detailed study of its kind of this emerging phenomenon in development practice, it is not widespread and it may be too early to come to more emphatic conclusions.

FUTURE PERSPECTIVES FOR THE CONTRACT APPROACH

In terms of any assessment of the longer term potential of the Contract Approach, the jury is clearly still out. While the case studies will certainly prove a most useful resource and introductory review of the concept, they were essentially 'snap-shots' of community groups at a particular moment in time. What is needed is a more longitudinal study which is able to accompany the development of contract based groups and make an assessment based on more substantial evidence. Having said that, however, we must not underestimate what the present studies suggest in terms of the **potential** of the approach. In the first place, all of the studies would tend to suggest that potentially the Contract Approach can bring some form of direct material benefit to poor groups; either in the form of services or in terms of wages which are a direct input into the family economy and, moreover, many of these resources go directly to women. However, the Nepal study confirms what we noted in chapter one; that is, that certain **pre-condition** are important for the success of the Contract Approach:

- ❑ an environment enabling participatory local development, including a degree of decentralised decision-making to regional and district authorities
- ❑ the existence of legally registered target groups' organisations. The WUA must be strong and well managed to represent the interests of the target group. It will need to take rational decisions about how to manage the contract to get the best benefit
- ❑ community capacity building and technical support: the technical competence of community organisations has been judged as sufficient only for involvement in not very technically demanding activities. Some investment to enhance their capability is needed so that they can be involved to their full potential

- ❑ legal and regulatory reforms of the contract approach; there is an urgent need for well-articulated acts and rules regarding the WUAs, making them more accountable and responsible for finishing work on time. The expansion of the contract approach is constrained due to a lack of rules that discipline WUAs.

It should be borne in mind that, of the seven countries included in the study, Nepal and Bangladesh are the two where the Contract Approach has become more widely practiced in the context of public works programmes. In none of the other countries has the approach reached such a level of institutionalisation and therefore the researchers had fewer examples and experiences from which to draw out any overall conclusions. In this situation, therefore, the assessment is somewhat mixed but with the balance of the studies still largely unsure of what the approach could achieve if the above pre-conditions, for example, were in place. Two studies, however, were more conclusive and felt that the Contract Approach at this moment did not hold out much promise of any radical improvement in the lives of the poor:

Civil society organizations in South Africa are struggling with problems of going to scale. The outcomes of the Contract Approach to date leave us unsure as to its potential for organization and the development of negotiating skills. The task ahead must be to understand the strengths and weaknesses of the approach and the ways in which its regressive tendencies can be minimized. Organic social movements which are capable of contracting and negotiating for resources have not emerged from South African communities in post-apartheid South Africa.

The Bangladesh study concludes that, although through the contract approach, the landless poor are employed for a certain period, the major outcome is that the influence of the center widens and an obedient labour force is organized. The Contract Approach being used in Bangladesh is basically designed to serve the interest of the implementing organization. This is done in the guise of providing employment or broadly helping the poor. The Contract Approach, however, is not designed for entitlement or empowerment. In order to get the best out of the approach, its organizational and negotiation objectives need to be more actively promoted. This would require, however, a change in mindset both for government agencies and for NGOs. The LCS approach can be a means of forging new and stronger alliances of disadvantaged groups. For attaining this a few pre-conditions are critical. These include: the nurturing of a democratic culture at every level of the implementing agency; a free flow of information; a free, frank and self-critical review and debate on the entire approach; and a drive for transparency at all levels.

It is probable that few of the researchers would disagree with the conclusions of the Bangladesh study. Both of the above comments underline the two crucial aspects of the approach which will influence its ability to have any wider impact on the lives of the poor:

- ❑ the **operational problems** associated with a potentially complicated process – bureaucratic control, monitoring to guarantee compliance on the part of the contractor, accountability downwards as well as upwards and a commitment to using the approach to strengthen the capacities of the poor – which clearly negate its effectiveness

- the importance of using the Contract Approach to help to build **organic structures of the poor** and not simply community organizations to fulfill the requirements of the contract; this is a crucial issue and is a fundamental requirement if contract groups are not to have a life solely built around the immediate task. In other words, in the Contract approach it is important to focus not just on the short-term gains, but also on the longer-term socio-political objectives in the interests of the poor.

Again it is in Latin America that the potential of the Contract Approach is given more positive encouragement and, as we have seen, this is largely because of the greater opportunity to link up such initiatives with broader movements. In this respect the Brasil study has reported that one of the community associations, having gained experience at managing contracts, has pushed ahead with a plan to extend its use. Furthermore, at the national level, it was reported that the Contract Approach had been used in housing construction in six other Brazilian states. Finally the Egypt study concluded that, if the Contract Approach could be extended in the country and be used in conjunction with labour intensive methods, it could bring about radical improvements in the living and sanitary conditions of poor neighborhoods and squatter settlements.

The Contract Approach is both simple in principle but also a mine-field to put into practice. The studies clearly reveal that it does have the **potential** both to make resources available to the poor through wage labour and also to transfer certain skills, knowledge and experience to those that get involved. If, however, the contract group is merely a tool to complete some public works, then its benefits will be limited certainly to the former, but may include the latter. That broader vision of the contract groups is the major challenge and, while the evidence from Latin America, is more encouraging the findings from other parts of the world do not see the approach having a major impact unless some quite fundamental pre-conditions are met. And these pre-conditions, in reality, are those which universally frustrate most efforts to break the exclusion of the poor and to give them a meaningful base from which they can reasonably expect to access the resources available, to gain a voice and to challenge power relations – all of which reinforce their exclusion.

Inevitably after such a broad based research, we must ask the question “where does it leave us in terms of our understanding of the potential of the Contract Approach?”. In this respect we can probably conclude that it has taught us a lot about the technicalities of the “**contract**” and its use as a means to bring together community groups around a particular activity. We have seen several examples of different types of contracts and the study have given us a lot of insights into their use by government departments as a **means** of controlling or mobilizing public involvement. On the other hand, however, the study has a whole has been less strong on critically examining the **Contract Approach** in terms of the our broader interests. Essentially the case studies have been strong on the “contract” as a **mechanism for employment** in the context of public or other forms of infrastructural works. Collectively they have been less revealing on the potential of the Approach in terms of the broader aims of developing **negotiation skills** and serving as a platform for **effective community organization**. In this respect we could classify the seven case studies as follows in terms of what they have been able to teach us in terms of the use of the Contract Approach:

| CONTRACT LIMITED TO WAGE LABOUR | CONTRACT AS A TECHNICAL INSTRUMENT OF DEVELOPMENT | CONTRACTING THROUGH AN INTERMEDIARY AGENCY | BROADER VIEW OF THE POTENTIAL OF THE CONTRACT APPROACH |
|---------------------------------|---|--|--|
| BANGLADESH | NEPAL/BOLIVIA | GHANA/EGYPT | SOUTH AFRICA/ BRAZIL |

The conclusion must be, therefore, that while this study has clearly helped to develop a much broader understanding of both the meaning and the practice of the Contract Approach, we now need to build on this and explore its potential more in the areas of **negotiation** and **organization**. While the relationship between the Approach and access to waged employment for the poor is clearly proven, its broader perspectives have not been significantly proven. Certainly all of the case studies – with the possible exception of Bolivia – refer to potential spin-offs of the Contract Approach in terms of broader developments such as “participation”, “organization”, “greater-awareness” and ‘community capacity building’. However only Brazil and South Africa appear to have produced conclusive evidence which links such gains to the Approach. However the references in the case studies are frequent and convincing enough for us to suggest that, unless the Approach is tightly controlled and strictly limited to labour outputs, there will inevitably be spin-offs. Indeed the South African and Brazilian case studies have provided compelling evidence in this respect and the Ghana study also provide encouraging insights. Intrinsic to the Contract Approach, with its inherent activities of negotiation and organization, could be a powerful strategy for promoting the greater inclusion of marginalised groups. In future research, therefore, we will need to document this potential more clearly and begin to identify and explain the methodologies involved.

SELECTED BIBLIOGRAPHY

In putting together a Selected Bibliography, we have decided only to include those publications or texts which we feel would be accessible to the reader. Many of the case studies include references to texts which clearly are not in the public domain and would not be accessible to the general reader. In this Bibliography, therefore, we have included both general texts on the subject and a number of texts from the different case study bibliographies which we feel may be generally accessible. A full bibliography accompanies each of the individual case studies.

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A STUDY OF CURRENT PRACTICE
AT THE COMMUNITY LEVEL

