

**Livelihood
And
Employment Creation**

Community contracting

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Community contracting

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PREFACE

Proposal of short Operational Guidelines¹

This collection of short guides describes a number of activities (based upon labour, enterprise and business development, training and local area development) that will contribute to the promotion of both social and economic recovery and livelihoods. Each activity is explained, and 'why', 'how', and 'when' (or when not) to implement them is outlined in a brief guide.

A. Why these guides

These guides provide a practical introduction to employment and business-related interventions. They are written for humanitarian and development field workers working on the promotion of self-reliance and livelihoods of displaced populations and other conflict-affected communities. They highlight opportunities and limitations of different relevant ILO approaches and methodologies for socio-economic empowerment through employment-oriented strategies. They should help field staff decide the suitability and feasibility of adopting these approaches in their particular operations; and will also help identify any need for specific ILO expertise to support relevant UNHCR operations.

These guides will not substitute technical expertise in the field; rather they are programming and decision-making guidelines that will help programme and technical staff oversee the design and implementation of relevant activities. Further technical training or partnerships should be developed as appropriate.

The subjects can be divided into three major categories:

'Cash for work', 'Food for work', 'Labour-based infrastructure reconstruction' and 'Community contracting' belong to the first. These three areas concentrate on the creation of temporary jobs that can inject cash into a community rapidly. These jobs are not meant to provide sustainable livelihoods, but are designed to revive the local economy, provide a boost to household economies, either in refugee hosting areas or in the reconstruction phase of a post-conflict situation, in order to create the means for further development.

¹ These short guides were elaborated by Maria Lazarte G. to be included in the UNHCR Self reliance Manual and have been derived from consultations with ILO technical departments and based on their relevant publications.

The second category includes micro- and small-enterprise development and its subsections: 'Microfinance', 'Business development services', 'Start and improve your business' and 'Women entrepreneurship development'. This group concentrates on building sustainable self-employment, and on micro- and small-enterprise support and development.

The last group contains general strategies that can be used in combination with strategies above in order to promote individual and communal economic development. These include 'Emergency public employment services', 'Skills-training', and 'Local economic development'.

A. Who should use them

These guides are written for middle managers, national and international field experts and associated partners.

B. How should they be used

The guides comprise of a combination of briefings and a compilation of major relevant ILO tools on each subject.

The guides provide decision-oriented information on each area, and expansive methodological guidelines as well as a reference to an additional online bibliography and contact information for further resources and technical help.

The guides are divided into the following sections:

- A brief summary of each strategy ('what is').

- Its main advantages ('why implement')

- Information on when to implement each strategy ('when to')

- Warnings ('when not to implement').

- Problems and challenges to consider before and during implementation ('problems/challenges').

- Basic steps or different forms of each particular strategy, and some recommendations to consider during the implementation of each strategy ('how to').

C. Contents

There are twelve guides

Building a basis for employment and enterprise development

1. Vocational and skills-training
2. Local economic development
3. Public employment services

Short-term employment options

4. Cash-for-work
5. Food-for-work
6. Labour-based infrastructure projects
7. Community contracting

Business development options

8. Micro and small enterprise promotion
9. Microfinance
10. Business development services
11. Start and improve your own business
12. Women entrepreneurship development

Community contracting

A. What is community contracting

Community contracting is an agreement between a community-based organisation and an external funding or support agency to implement a development project for the benefit of the community (e.g. minor construction works).

In community contracting, the community, along with the government and other supporting external agencies, has a significant role in the decision-making process. For instance the community can decide on the type of infrastructure improvements to be adopted, according to its perceived needs (with the assistance of a technical support team that define options and provides technical advice).

B. Why carry out community contracting

Private contractors are not accountable to the community, but to the government or donor agency. Consequently community concerns are not always taken into account, leading to conflict between the residents and the contractor.

Community contracting encourages beneficiaries in the community to participate and assume responsibility for the project, allowing them to actively contribute to their own development.

The community will develop a stronger sense of ownership and increase their involvement and interest in its subsequent maintenance.

Community contracting offers an opportunity for disadvantaged communities to participate in negotiations with public authorities and external institutions. It is important therefore to include groups with special needs (e.g. women) in the negotiation, operation and maintenance processes. Consultation with target beneficiaries is an essential component of community contracting.

Community contracting builds up the operational, decision-making and management capacity of community organisations. It makes use of local skills and initiatives, involving and employing local residents, and therefore strengthening their technical, administrative and managerial skills. It increases their employability, and hence promotes self-reliance.

Community contracting encourages 'partnerships' between local communities and local governments. It therefore contributes to the social and political recognition of community-based organisations. With community contracting, refugee communities can forge partnerships with local communities.

C. When to implement community contracting

Community contracting is suitable for urban unplanned settlements and for rural areas. Necessary preconditions include:

An organised target group.

Local or national government policies that support community development.

A minimum level of capacity and efficiency among members of the community-based organisation.

Legal recognition (if possible) of the representative community organisation.

An enabling environment for the implementation of development projects at community level.

A degree of decentralization, and the ability of local authorities to enter into community contracts.

D. When not to implement community contracting

If the community does not have the necessary capacity to implement the works. (It is important to assess the community's capability - including the strength and potential of the community based organisation (CBO) itself, before entering into a contract. Since it might be difficult to find community organisations, in urban and rural areas, with the experience or skills necessary to enter into a contractual arrangement of this nature, it becomes crucial in this context to promote community capacity building as a preparatory step for this strategy.

If the community is not providing a fair and balanced representation of interests.

E. Problems/challenges

Community contracts will be influenced by political, cultural and economic factors. Contractual procedures may be subject to cultural-specific interpretations and practices. They will also be affected by power relations in the community/municipality. Established groups, moreover, might regard community contracting with distrust.

The concept of written contracts and negotiations might be unfamiliar in the local cultural context if the tradition is for verbal agreements.

Contracts will differ in nature, purpose and content. It is important to ensure that: issues on sharing of responsibilities; establishing contributions and inputs; clarifying rights and legal duties; understanding the nature of work; and clarifying financial arrangements are all included. Communities, however, may be inexperienced in drafting and implementing contracts for infrastructure works, accessing financial resources and in accessing administrative or managerial services.

Communities, in particular poorer ones, may not fully understand the implications of contractual arrangements - which can be fairly complex. Communities might be attracted by the benefits of contractual approaches without really comprehending the consequences of their involvement.

Communities might also be ill-equipped for dealing with the bureaucracy of contracts - lacking experience, skills and the organisational capacity necessary to advance their interests. It is necessary therefore to have an efficient monitoring system to track contracts and prevent this type of difficulty, as well as support organisations that provide training and support capacity-building on community-engagement in contracting.

Development agencies may have difficulties engaging with locals as equal negotiating partners, particularly if they are used to more authoritarian approaches or dependent on humanitarian assistance.

Contractual approaches can also be frustrated by: excessive bureaucracy; awarding of contracts and establishment of conditions according to the political influence; lack of control over wages paid by contractors; and difficulties of quality control.

F. Partners/targets

Targets

Communities.

Partners

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Community organisations are responsible for executing the tasks specified in the contract including: establishing a legal association (perhaps difficult in the context of refugees); acquiring any supplementary resources; ensuring the use local materials; implementing the works; and guaranteeing maintenance. Technical teams can offer support for the implementation of the contract. The role of authorities is facilitating programme implementation in the area.

The strength and potential of the community organisation is key. It is important to: support the shared interest of its members; strengthen the organisation's ability to build links with similar organisations; and enter into partnerships and alliances. It is essential to assess the capacity of the organisation for promoting the development of the community.

Community Development Committees (CDC) are elected democratically, and should be legally registered as community based organisations representing the interests of the communities during the negotiation process and contract agreements. CDCs act as a link between the communities they represent, the municipalities and the funding agencies. CDCs should work with the participation and approval of their communities. The members of the committee should therefore be representative of all members of their target group including gender and age groups. They are the decision-makers that will identify priority needs, be involved in the planning, designing and implementation of projects, and support their subsequent maintenance.

For more information see: Section on Community contracting on:

- 📖 Capacity-building for contracting in employment intensive infrastructure programmes (section on Community contracting). ILO Employment-Intensive Investment Branch, International Labor Office, Recovery and Reconstruction Department. Geneva: ILO
- 📖 Organisation and Contracting in Development Programmes and Projects: a study of current practice at the community level. Overview report. Peter Oakley, ILO Employment-Intensive Investment Branch, International Labour Office, Recovery and Reconstruction Department. Geneva: ILO, 1999.
- 📖 *Community contracts in urban infrastructure works : practical lessons from experience*. Tournée, Jane; Esch, Wilma van. International Labour Office. Advisory Support, Information Services, and Training for Employment-intensive Development. Geneva : ILO, 2001.

Links:

www.ilo.org/public/english/employment/recon/eiip/

ILO contacts:

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