



## UN-HABITAT - Aceh-Nias Settlements Support Programme

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### Engagement through Community Contracts : The “People’s Process” concept of UN-HABITAT



#### Why a People’s Process ?

Since its foundation in 1976, UN-HABITAT made its mark in assisting communities to build shelter and settlements in difficult circumstances. One form of assistance has been cash donations by means of community contracts. These are donations for community-defined development objectives and their realisation through specific community commitments. The objectives can be physically tangible – the construction of homes, community facilities, community infrastructure – or they may constitute livelihood programmes that support the quality of life and sustainability of the settlement, in which the community lives.

The basic premise of community cash grants is that communities can bring in social capital. Communities are encouraged to invest their social capital and then to reap the dividend. The capital is community skills, community networking and community-based mediation capabilities. Social capital is much more than community labour or so-called ‘sweat-capital’. It also goes further than the promotion of simple community communication and participation. Some talk about community-driven development. UN-HABITAT simply speaks of the People’s Process.

A People’s Process requires trust in people and recognition of the way people organise themselves. Communities are expected to lead in assigning priorities, in decision making and in taking action. They are encouraged to execute development programmes, which build on their own skills and know-how. The community or groups of families, who share common interests and goals, work out action plans. In order to implement these plans UN-HABITAT signs contracts, assists in opening bank accounts, provides funding and sets up joint accountability formats, in such a way that the community groups are in full control of their own expenditures.

The Community-driven approach has its origin in the development context. It has been applied in large-scale programmes, either nation-wide or focused on poor regions. Sometimes these programmes were targeted on only one specific aspect, i.e. community infrastructure. In Sri Lanka it became popular in the 1980s in the course of the so-called “One-Million-House Programme”. In Indonesia it was the World Bank that set up a large community infrastructure programme based on the same philosophy. It is now becoming a nation-wide Government programme. The German development organisation, GTZ, promotes Community Action Planning, which is one of the essential components of the People’s Process.

UN-HABITAT introduced the Process in Afghanistan’s post-conflict conditions to allow community-organised reconstruction in rural areas. Ever since then it has applied the concept in post-conflict reconstruction. In such an environment the rebuilding of people’s trust in institutions is always difficult. The People’s Process was an instrument to support trust building at the community level and to build network co-operations with institutions on higher level. After the 2004 Indian Ocean Tsunami UN-HABITAT introduced the same principles in post-disaster conditions. It has set up programmes in Indonesia, Sri Lanka, and the Maldives. Earthquake-shattered Pakistan and war-torn Somalia now benefit from similar programmes.

#### UN-HABITAT’s Mandate from the UN General Assembly.

UN-HABITAT’s mission is to promote the development of socially and environmentally sustainable human settlements with the goal of providing adequate shelter for all. UN-HABITAT supports Governments by monitoring their commitments to the Habitat Agenda. It provides support and mobilises partners for slum-upgrading and for the provision of basic urban services. These efforts are guided by the Millennium Development Goals 7/10 and 7/11: the “Water and Sanitation” and “Cities without Slums” indicators.

**UN-HABITAT advocates a seamless transition from the emergency assistance to the recovery assistance. Recovery must start parallel to the on-going emergency work. The People's Process lends itself to be started right after the disaster.** Nowadays many crisis response operations are successful in the initial assessments and emergency response, but they often create legacy issues, such as the permanent dislocation of people who stay in camps too long and other forms of aid dependency. In response to this aid operations are often made more ambitious and complex. They subdivide in different phases from emergency to recovery to rehabilitation. These operations become increasingly complex and are prone to errors and failures. By putting the community into the centre of the process UN-HABITAT achieves an organised, simple, tight and lean process.



## **How is a People's Process Organised in a Crisis Context ?**

**After disasters or armed conflicts the People's Process is started by allowing the community to manage its temporary shelter and settlements itself.** Humanitarian and military teams preferentially distribute essential building materials like tarpaulins, tin sheets, small water pumps, building tool kits and essential cooking ware, so that communities are enabled to reclaim their settlement or to organise their temporary settlement. Overall UN-HABITAT promotes and assists the early return to the settlement as long as the location is accessible and not at intolerable permanent risk.

**The next step is the mobilisation of social capabilities and resources. UN-HABITAT trains facilitators who assist communities in reorganising themselves. It often starts with small community groups of about 20 families with common needs.** Where possible, an existing community organisation can be re-activated. If this is impossible UN-HABITAT facilitates the establishment of a Community Development Council (CDC) and appeals to the local authorities for its registration. The Community Development Council is the final point of decision concerning community needs and priorities. It organises public information to the community and assumes liaison functions with aid organisations. Moreover it facilitates community assessments and it is responsible for Community Action Planning where needs and priorities are reviewed in detail. Priorities relate to urgent works but also to first-in-line beneficiaries, for instance poor or vulnerable families. The council may also sign community contracts for village-based development projects.

**When houses need to be rebuilt or repaired, or a livelihood related undertaking is needed, smaller implementation groups are set up. These often consist of related or neighbouring families.** In UN-HABITAT's Aceh-Nias programme cluster groups of typically 10 families agree on a house layout based on a fixed budget. They sign a cluster group contract with UN-HABITAT. The cluster group is mutually responsible for organising the construction of houses for the members of the group. This includes the procurement of materials and labour. UN-HABITAT delivers technical assistance and monitors the construction quality. It provides funding in several installments depending on proven physical progress. The money is put on a group bank account, which is controlled by the cluster. During the process the cluster produces regular accounting reports to UN-HABITAT.

**By applying the People's Process UN-HABITAT avoids becoming a supplier of labour and material and eschews engaging itself with the local building industry and contractors.** The people may select builders and suppliers from the existing market. UN-HABITAT's facilitators assist implementation groups in procedures, such as asking for quotations against a bill of quantities and construction progress or comparing quotations on cost and quality. In Aceh the community contract actually became bankable with local suppliers. They started borrowing money to construction groups, when labourers needed to be paid although the current installment period did not allow for it yet. In these cases they were also willing to deliver material early.

**UN-HABITAT's Aceh-Nias programme has already constructed 3,450 houses, which were almost all completed and handed over.** It operated in six different districts. Infrastructure, including basic water and sanitation, is supplemented either by the Government or by UN-HABITAT. In one district the Coca-Cola Company provided means to UN-HABITAT for a substantial upgrade of the water distribution system. This allowed villages, in which UN-HABITAT funded housing, to be connected to piped water for the first time ever. In rural districts pipe water supply through simple gravity systems is provided to individual or collective tap points.

**UN-HABITAT organised an extensive monitoring and evaluation in Aceh and Nias. In collaboration with the national reconstruction agency, BRR, and the local State University, the University of Syiah Kuala, a third party monitoring was conducted.** The monitoring results have been publicised since early 2006. UN-HABITAT's People's Process typically achieved moderate and average results in terms of construction quality, as measured against the Government building code on earthquake-safe rebuilding. However, it scored high in terms of

beneficiary satisfaction and with regard to process accountability.

**Donors with experience in house building, such as AEDES, a Dutch semi-public umbrella organisation for companies in city- and housing- development, have been very supportive of this process, in which people are in control of their own reconstruction.** Drawing back on UN-HABITAT's know-how in earthquake-safe building they hopefully become capable to build safer settlements in the future. Presently, donors that contribute to reconstruction programmes are UNDP, Japan, United Arab Emirates, the EU, (follows list comprising a variety of country operations).



## **What can be expected of the People's Process and what does it require ?**

**As mentioned above, the critical advantage of the People's Process in a post-conflict and/or post-disaster situation is that social resources and community decision-making capabilities are used to the maximum benefit.** When people have lost relatives, neighbours and most of their physical assets, social capital is often the only resource left. The mobilisation of this resource takes quite an effort, as people are traumatised, displaced and in fear of the future. It is important to field many well-trained facilitators quickly. These facilitators need to have both, technical and social skills. It is easier to gain trust if a programme with clear goals is announced. Depending on the specific situation these programmes can have different priorities. In Aceh, for example, the rebuilding of houses had first priority while in Afghanistan community infrastructure was more important. In Somalia again urban amenities such as market buildings were the priority objective.

**Reliable financial systems to distribute funding are also crucial. They can be diverse in nature. Disbursement networks can range from the fairly sophisticated national micro-finance bank, Bank Rakyat Indonesia, to traditional money-lenders in Afghanistan.** In Aceh and Nias a typical family receives close to US\$ 5,000 for a core house. Thus, a typical village must often administer funds that exceed US\$ 1 million within a period of six to twelve months. Reported problems were mostly limited to slight overspending within clusters or to disagreements on spending among cluster members. No wholesale corruption case came to our attention.

**The People's Process does not eliminate community conflict, nor does it exclude abuse practices on community level. It does, however, strengthen governance.** The capability to mediate these conflicts and to fight abuse increases within the communities and implementation groups. This ability saves energy. The community can pursue its common goal without internal interferences.

**A People's Process requires extensive operating procedures and training manuals, which cover the issues of initiation, mobilisation, organisation, contracting and monitoring.** If one organises a People's Process it is of particular concern to link good and simple systems to the capacities of the community. For instance religious citations or Islamic banking principles may be required. Special attention is needed when people of a community are not equally literate. Furthermore we must hold up the principle of equitable access to funding. The community should be aware of the fact that it engages in a contract with benefits but also with material and immaterial responsibilities.

**In summary it can be said that the People's Process requires four pillars : (1) It needs to be of a sufficiently wide scale. (2) It must be reasonably simple in aims but tightly organised. (3) It needs to address more than immediate needs. (4) It must be solidly supported by capable institutions.** First, the People's Process must be of a relatively wide scale in order to be equitable. Contracting only works if many communities learn from each other how to conduct successful preparations and negotiations. Sometimes, especially in

### **Conflict Mediation in Action.**

In some instances, UN-HABITAT becomes a stakeholder in conflict mediation. In a village in East Aceh a conflict arose because the village head was accused of receiving financial benefits from the housing reconstruction process, in collusion with suppliers. Actually the situation was more complex as implementation groups had bought bad quality materials at times and had lost money as a result. In the end the CDC negotiated a comprehensive agreement between all parties, including UN-HABITAT. Infrastructure investments were downscaled as money had been lost. Suppliers agreed upon a haircut on outstanding payments. UN-HABITAT contributed US\$ 200 per house to make up for the late detection of a construction problem, which had resulted in the replacement of some roof structures. Finally, the village leader kept his promise to set aside funding to buy furniture for the affected families. The outcome of this conflict was that the village leader could again employ his leadership skills while the villagers had become more self-confident regarding their rights. For UN-HABITAT this was governance building in action. The village in question was initially selected because rumour had it that it was a base of guerilla forces. Prior to the Aceh 2005 Peace Accord it had been frequently targeted by the military for this reason.

development efforts without an urgent humanitarian context, it might even be beneficial to let communities compete on quality of organisation and preparation. In this model the funds will be granted to those communities, which present themselves most ready. Second, the People's Process needs to be organised in a tight and simple way in order to remain on track and accountable. If processes are either too complex or too loose they often lead to mistakes and confusion. Third, the People's Process cannot have a short-term focus but should address sustainable settlement issues and multiple community needs. Social capital, once mobilised, needs to be kept alive for a long time frame, if communities want to satisfy more than just the single most urgent need of the village or of a priority beneficiary group. Finally, the People's Process requires solid institutional support, which must be mobilised for the longer haul. This support can either come from a specialised government institution or from a dedicated humanitarian development organisation such as UN-HABITAT.



## **How can the People's Process be applied in the future and what are the challenges ?**

**Community-based contracting for communal amenities is already becoming mainstream in many countries in Asia, but less so in Africa.** Most often it is applied in livelihood programmes. Examples are micro-saving and financing with women's groups or community-level infrastructure construction projects. In general these projects are simple and have clear and immediate benefits.

**UN-HABITAT has started to make the approach a mainstream trend for more capital-intensive and planning-intensive undertakings such as house building and settlement recovery.** Experience is still being gained, ranging from projects with a US\$ 20,000 budget for a house in the Maldives to slum upgrading budgets below US\$ 1000 per family. Making settlement planning, property swaps and decisions on risk mitigation or property alignment a community endeavour requires a high competence in village-based facilitation. It also demands skills for mediation with local government institutions. However, this competence is not yet available in all non-governmental organisations, governmental- and educational institutions. Still, much information work needs to be done. Action is required urgently. For, the world has seen an increasing number of calls for help from people who lost their shelter and livelihood in conflict or disaster.

**Risk mitigation is a difficult issue in a post-disaster environment. UN-HABITAT subscribes to community-based disaster risk reduction measures, which prioritise preparedness and which include prevention as part of a long-term capacity building process.** Many locations and communities in the world are disaster prone. This fact is often ignored by lack of will or capacity. As a result planning institutions do not take sufficient prevention and preparation steps. Communities typically have little or no back-up options. No bridging insurance allows them to stand still and re-plan in a better way. If the planning and preparation has been bad before the disaster it can rarely become good afterwards. The improved rebuilding of a settlement is no instantaneous process but needs a long forerun.

**Resettlement is often a difficult issue. People prefer to return early to existing settlements, where tenure is more secure and defensible to the community, where opportunities to earn a living are predictable and where the risks in general are known better.** In Aceh people opted to return to areas with high flood risks, as the danger of a tsunami was deemed to be small. Here they could at least hold on to their land property and preserve their memories. Resettlement locations offered insecure tenure, difficult access to fields and fishing boats and unknown risks in relation to the omnipresent army and hiding guerilla groups. The soil was often swampy and unsafe for any building structure. Again, the weeks and months after a disaster are not the best time for making plans to start all over again. Even if the resettlement area was acceptable, the time it takes to develop locally based organisations and a diversified local economy cannot be overestimated. In many cases equity issues between those who need to move and others who can stay were not addressed. Generally speaking, resettlement is typically a tight and complex undertaking, which is prone to error and failure.

**Applying a People's Process in an urban context is more challenging than in a rural context.** In the long run parts of Banda Aceh need to be resettled. It will become too costly to provide environmentally sustainable infrastructure of better quality to those communities, which live on low-lying lands close to the sea. This resettlement can, however, only work if higher quality infrastructure will be provided in inland areas. The housing opportunities in these areas must be of higher value than those in the coastal risk areas. Policies for success need to address issues of safe tenure, secure livelihoods and well-functioning urban governance at the same time. In order to address these challenges UN-HABITAT is presently exploring how to restart working with community groups, which it has already assisted with housing before.