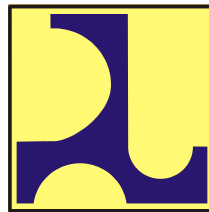


PROGRAM Co-BILD

COMMUNITY-BASED INITIATIVES FOR HOUSING AND LOCAL DEVELOPMENT

**PENERAPAN PEMBANGUNAN PERUMAHAN DAN DAERAH BERBASIS PADA
PRAKARSA KOMUNITAS MASYARAKAT – P3DPK**



**DIREKTORAT JENDERAL PERUMAHAN DAN
PERMUKIMAN**

**LOCAL GOVERNANCE FORUM
WORKSHOP
MAKASSAR, 15th, 14th OCTOBER 2003**

Co-BILD EXPERIENCE AND ITS RELEVANCE FOR HOUSING DEVELOPMENT AT LOCAL LEVEL

- HANDOUT -

1. PROJECT DESCRIPTION

1.1 Background

The Co-BILD project was designed as a “pilot project” to test the viability of a housing financial mechanism based on market rates of interest. The aim was to meet the housing demand of poor households by lowering the costs of housing provision through supporting incremental house building processes financed through the provision of sequential loans. The target groups for Co-BILD are families whose incomes, though low, are relatively stable and allow for savings, at least in the short term.

The project started implementation in October 2000 and ended in July 2003. The Ministry of Settlements and Regional Infrastructure (Kimpaswil) was the national executing agency of the project. As a national program Co-BILD was implemented in 12 cities but its operation did not start at the same time in all of them. Thus, by the time of its closure the results achieved by Co-BILD vary from town to town. After the handing over to the provincial governments the Co-BILD will continue as a national program to strengthen and expand community-based development efforts in improving housing and living conditions of urban poor.

1.2 Objectives

The main objectives of Co-BILD are:

- To create an enabling institutional support system at national and city levels for design implementation and management of community-based housing and human settlements initiatives.
- To build the capacity of community organisations to become development forums for housing and development improvement activities.
- To develop financial mechanisms that support local communities, and especially the poor in their efforts to provide for land, infrastructure and housing and related improvement measures.

1.3 Approach

For its implementation the Co-BILD relies on a participatory framework that facilitates and encourages participation of stakeholders at local level. It is based on the premises of decentralization and empowerment. Co-BILD has to be seen as one amongst a range of alternatives and options available to households as part of a comprehensive housing policy.

The Co-BILD works through the operation of revolving funds for the provision of loans to households for land acquisition/development, house improvement, construction of new houses and provision/improvement of basic community infrastructure. The Co-BILD considers 3 sequential loans of Rp. 2.4 millions to be repaid each in two-year periods with 18% annual interest rate.

The project uses a “learning-by-doing” approach to explore and develop, through participatory processes, a strategy that can accommodate and respond to the existing housing and local development needs. The Co-BILD terms and conditions for assistance to the cities were designed over the course of the project and were lately adjusted and defined in each city according to local conditions.

1.4 Achievements

The project completed its envisioned activities to varying degrees because a number of assumptions made in the original project design were inaccurate. In particular, expectations were too high concerning the time and resources to implement various components at local level. Also, the participatory approach relied greatly on the capacity of local stakeholders and the existence of transparent decision making processes which were, in most of the cities, non existent or too weak. The performance of the revolving fund in the 12 locations shows different results. While in some places there are serious cases of misappropriation, there are cities where the operation is good and within safe operation limits. The involvement of relevant stakeholders and the empowerment and capacity building activities carried out were not enough to support or guarantee the expected performance of Co-BILD.

Despite this situation, Co-BILD has been able to make interesting and significant accomplishments. It has helped community groups and their members to get access to affordable resources to improve their housing conditions. Additionally, the project has served to test or demonstrate the feasibility and viability of the community-based approach in combination with the revolving fund as the financial mechanism for the provision of loans as one of the alternatives to improve housing conditions of the intended target group.

2. LESSONS LEARNED WITH IMPLEMENTATION OF Co-BILD

2.1 Criteria for Selecting Cities

Future interventions need to consider more thoroughly the local conditions before inviting participation of a certain city. Not only the political will or the size or relevance of a city but also considerations of the situation of the shelter sector, intended target groups, poverty profile, institutional preparedness, etc. are important to make such decisions. Another aspect to consider is the availability of experienced organizations that can support and facilitate introduction of the program and implementation at local level.

2.2 Initial Preparation Process

Preparations at local level for project implementation seem to be one of the common issues mentioned in relation to the difficulties for starting implementation of Co-BILD. Project managers in various cities coincide in the observation that enough time and the resources needed to support the process of evolving the organizational set-up and the guidelines for management and operating the project needs to be considered, so that all the partners involved in implementation of the program have detailed knowledge and are aware of the role they are expected to play.

When programs do not plan for this initial support, the tendency may be for project managers to introduce a quick preparation process that at the end may not work very much for the benefit of the project. In terms of sustainability, it is essential that enough resources and time are provided to socialize a new program, to lobby for support, to assist its formalization and definition of detailed guidelines, roles and responsibilities before the start of implementation in the field. In this manner the organizations involved can obtain a very clear idea of what the project is about, its approach, objectives and targets,

what are their responsibilities and what is the extent of involvement and commitment expected from them. It is important to define very clearly the role and the responsibilities of all the actors, including the local government.

Even though such a process could delay the project showing tangible results in a short term a strong institutional and better informed stakeholders can become a base which guarantee better results in the medium and long term. A comprehensive process of collective project preparation could provide more opportunity for organizations to familiarize with each other, to know about their activities, their members, their interests. It could have consolidated more sustainable, transparent and accountable institutions for the management of project funds.

2.3 Capacities of Stakeholders

Once the organizational set-up is in place, capacity building is required to assist the various partners and stakeholders to build the skills required for good performance. The City Development Forums, Management Boards and Community Based Groups need to be given enough attention in this respect. The city forums are planned to provide the framework for active participation of the wide range of city stakeholders from the public, private and community sectors require of support to become operational and influential. Their good performance is key for them to play the role of the umbrella organizations for implementation of Co-BILD, the organizations that could provide transparency to the management of the project and guide the establishment and consolidation of the community-based housing development mechanism intended. Future action needs to consider activities towards the consolidation and empowerment of the existing forums at local level and the formation of the board/forum at national level to coordinate implementation and to strengthen implementation of the program.

Sufficient capacity building for all stakeholders and specially for those directly involved with management and operation of the project in the field is of key importance. The perception of project managers in various cities is, that it is essential to provide sufficient on-the-job training in matters related to details of project operation and their work with the community groups. It is not only about sending or receiving information on general procedures but also on operational details that enable field personnel to perform their tasks with confidence. It is a good step to start with an assessment of the training needs and capacity building plan for potential stakeholders at the various levels concerned, and it is equally important to secure the resources to implement such a plan.

2.4 Performance of the Program

The Learning-by-Doing approach is important because it provides room for evolving approaches, mechanisms and tools according to local conditions, but without the company of a permanent monitoring system it did not prove to be very effective. A more pro-active project management could have helped in the identification of problems and adjustments to be made to the process before these became serious issues. The activation of such a monitoring system helps to feed back field information systematically, to keep track on latest developments and propose changes, adjustments and corrective measures when necessary.

To facilitate the use of the Co-BILD mechanism for the provision of new housing and for house improvement or new community infrastructure, it is essential to develop further the system for providing assistance for the technical components. Community-based initiatives include technological innovations, technical elements and standards that required to be seriously considered for a more effective use of the

loan for the benefit of the beneficiaries. It may be that, in certain cases and for minor improvements, this technical assistance may not be necessary. But for the Co-BILD to have significant impacts on the provision of housing for low income households throughout the country, the enablement and empowerment of community groups to make full use of the proposed mechanism is a must. The inclusion of the technical assistance components, in a structured manner, would contribute to facilitate this task.

2.5 Handing Over Phase - Continuation of Co-BILD

With whatever limitations they may have, Co-BILD managed to form institutional set-ups and management boards that have acquired knowledge and experience that need to be supported and enabled further to continue their activities. There are also other community groups and families waiting to join the project, or similar schemes in the future.

The early closure of Co-BILD triggered a very hasty process of handing over project activities and responsibilities to the government at provincial level. In places where the project is being implemented at provincial level, they foresee no problems to continue implementation of the project. But in other cities where the project does not have much connection to the provincial government it is not known how to continue and who to approach. There was no time for the various stakeholders to jointly explore alternative sources to allow the project to maintain financial and institutional support.

It is essential to consider actions to close the gap between the projects in the field and the new government offices at provincial and local level. A clear definition of the role of the local government in this new setting is essential. With the positioning of the local government together and the activation of the forums, local institutions of the private and public sector can continue with the project activities. With whatever limitations they may have, Co-BILD managed to form institutional set-ups and management boards that have acquired knowledge and experience that should be supported and enabled further to continue their activities. There are other community groups and families waiting to join the project, or similar schemes in the future.

As expected from a pilot project, the results of Co-BILD include negative as well as positive elements. The important issue is to recognize these and learn from those mistakes and to build upon the potentials and lessons for future actions.

3. POTENTIAL BENEFITS OF Co-BILD FOR CITIES AND LOCAL GOVERNMENTS

With implementation of Co-BILD local governments will participate in the development of a sustainable mechanism for the provision/improvement of housing for low income inhabitants. Through the operation of the revolving funds there is the possibility to generate a steady flow of resources over the years to finance housing improvement initiatives. With the introduction of the Housing Development Fund, as a local initiative, there will be the possibility to converge resources from other stakeholders or interested parties to support initiatives for the development of the housing sector.

The experience is that with Co-BILD, the beneficiaries have mobilised extra resources, financial and others for the improvements and that at the same time markets for building materials and demand for construction workers has increased. This situation shows that not only the individuals receiving the loans benefit from Co-BILD but that the city its environment and the local economy, receive the positive impacts of the implementation of Co-BILD.

The housing related activities of Co-BILD program can contribute to the development of better quality housing areas that can be more easily integrated into the urban fabric of the cities. Thus, consolidating a more balanced and sustainable city development. This property improvements and consolidation of residential areas could also have positive impacts for the municipal revenues.

With Co-BILD local governments are not alone in their efforts for enabling the poor in their efforts to provide for their housing. There are other partners such as the communities, the development consultants and others that will be sharing their expertise, knowledge and experience so that development becomes a shared responsibility and a shared effort. Co-BILD provides a framework for better communication among stakeholders through a decentralised and transparent decision making process with the active involvement of beneficiaries. This participatory framework encourages the application of principles of good governance to improve the image of the government and increase the credibility of the population in the actions of the government.

The dynamics of the Co-BILD process facilitate communities to increase their knowledge, awareness and participation in the decision making process, and enables them to get access to resources and better living conditions. Local governments can also benefit from working with better informed communities that have an understanding of development issues that affect their lives. The empowering approach and the financial mechanism are components of Co-BILD from which all stakeholders can learn and benefit from.