

Cooperatives Expand to Community Service Delivery: CDP Lessons Learned Through Seven Pilot Projects

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Service delivery projects which address community concerns and expand beyond the traditional scope of cooperative's activity can be very effective membership and morale boosters, and serve as marketing tools to promote the organization.

Testing the Hypothesis

Through its activity in 3 partner countries, the Philippines, South Africa, and Bosnia-Herzegovina, CHF International set out to test its hypothesis that successfully implemented community projects can help overcome stagnation, lack of interest and low membership involvement which is sometimes experienced by cooperatives. Seven pilot service delivery projects were organized, implemented, and evaluated between May 2002 and August 2004 under the Cooperative Development Project (CDP) funded by USAID. The projects focused on areas such as provision of quality child or health care, environmental clean-up, and home improvement.

Valuable lessons were learned in the course of each project. CHF International engaged its local cooperative partners from start to finish. In the first stage, cooperative partners were assisted in identification of those community concerns to which the coops could successfully respond. In several cases, awards were made through a competitive process, with selection criteria developed to stress the soundness of project planning, reliability of performance within time and budget, and sustainability in post-completion phase. Final awards were made by a selection committee composed of representatives of CHF and its local partners.

In many ways, the results surpassed expectations and certainly proved the beginning assumption correct: in all cases successful implementation served as mechanism to attract attention of the community at large: neighbors, businesses, educational institutions and municipal authorities. Cooperatives confirmed that they contribute to the well-being of their communities in many more ways than through their immediate business activity. The projects also succeeded in re-invigorating the membership and cooperative governing bodies. Joint planning, organization and implementation of such projects proved a great morale booster.

PHILIPPINES: Cooperative Daycare Center in Tuy, province Batangas

To satisfy the needs of families living within its housing project, the Tuy Coop used a \$15,000 grant for the construction and initial operation of the Jollikid Daycare Center.¹ A

¹ Tuy Market Vendors and Community Multi-Purpose Cooperative (TMVCMPC) received its grant on July 17, 2003, in recognition of its commitment and successful delivery of six houses more than the CDP's first phase target of 50 houses.

work plan was drawn with Participation of 14 Board Members in the course of a Planning Workshop. Construction work was completed and inauguration of the Center was held in October 2003. Up to 20 pre-schoolers attended morning educational sessions. At the end of the grant completion in January 11, 2004, total project cost amounted to \$32,361.24 with \$17,361.24 contributed as match by partner cooperative.



Jollikid Daycare Center in Tuy, Batangas, is operated by members of the Tuy cooperative and provides pre-school education for up to 20 children. This is a new service which the coop provides to its members. In after-school hours the Center is used for board meetings and other communal activities.

In February 2004, an impact assessment was conducted for the Daycare operation. Even though the six-month grant period upon which the Daycare fully operated was considered too short for conducting a fair assessment of its success, the assessment the following key findings were formulated:

- Enrollment fluctuated and needs to be stabilized. A total of 15 pre-school learners were the first enrollees. However, this number was reduced to 10 in January 2004. For the new school year 2004/5 enrollment has increased to 30. A Daycare Worker provided teaching services to the children who had daily 2½-hour classes.
- There is a relatively high degree of success attained in the delivery of pre-school care and education as evidenced by the high level of enthusiasm for learning and interaction observed among the pre-school learners; significant developments in the learners' cognitive, communication and socio-emotional skills noted by the parents and validated by the results of the Skills Development Appraisal conducted by the parents; and the growing interest among other parents within the community to avail of the service.
- As a complementary program for parents, the coop considered an economic component of providing self-employment through a micro-finance scheme. This proposal, however, was not received well since there was a general preference for wage employment. The non-economic component (i.e. parental skills development) of the daycare operation was temporarily shelved to give way to the more pressing operational and financial concerns of the Daycare Center.
- The Cooperative's ability to sufficiently meet the requirements for project implementation indicates that the basic parameters for sound governance are already in place. However, the challenges posed by an entirely new service,

which the Cooperative has not had any previous experience in or exposure to, led to the detection of certain aspects of governance that require strengthening. These include needs scanning/assessment, membership involvement and capability building especially in terms of project planning and management and people empowerment.

To sustain and ensure effective and efficient daycare operations, a Strategic Planning workshop was conducted in May 2004 for 10 Board Members of TMVCMPC together with the Daycare Committee. The strategic plan is currently being finalized.

PHILIPPINES: Riverside Cooperative Solid Waste Management Project, Bacolod, province Negros Occidental

The selection criteria for this project were drawn in March 2003. They were distributed, together with the invitation for submission of project proposals, to seven other cooperatives, CHF partners in the CDP program. An evaluation committee, composed of local cooperative organizations and CHF/Philippines' staff, reviewed all seven proposals and short-listed three for final evaluation. This evaluation was conducted by a committee composed of a university professor, a media person, and a church worker. Based on the project proposal's soundness, impact and replicability, the proposal of the Riverside Medical Center-Multi-Purpose Cooperative (RMCMP) for a "Solid Waste Management Program" was approved for the second \$15,000 grant. The subgrant agreement covering a period of six months was signed in October 11, 2003.



Riverside Coop Solid Waste Management Team (L) included young as well as older residents. After sorting, the waste was transported to an organic farm for processing(R). Bacolod, January 2004.

A work plan was drawn during a Planning Workshop conducted for 23 Board Members and the Manager for the program had been identified. On January 17, 2004, the Materials Recovery Facility was formally inaugurated.

Garbage has traditionally been dumped and accumulated along the riverside where Coop members' homes are located. To resolve mounting problems, the Riverside Medical Center Multi-Purpose Cooperative (RMCMP) proposed to build a holding and segregation facility on a vacant lot adjacent to the riverside. After segregation of garbage according to types, all reusable parts such as used paper, bottles, or bottlecaps are sold,

whereas all biodegradable parts are transported to an eco-farm run by one of the coop's consultants. The Buro-Buro Vermi Farm located on the outskirts of Bacolod city uses African night earthworms (*Eudrilus euginae*) as decomposers. The resulting end product is known as the vermicompost, a high quality organic fertilizer containing up to 8% nitrogen, 0.7% phosphorus, 1% potash, and other trace elements. Vermicompost is used to fertilize the vegetables which are then sold in the local market. Aside from this, the produced earthworm biomass is also used to feed fish, chickens, and other farm animals. At the end of the grant completion in April 2004, total project cost amounted to \$26,833.41 with \$11,833.41 as RCMPC match.

An Impact Assessment was conducted in April 2004. Findings revealed the following:

- The Project succeeded in making proper waste management a practice among households within and outside the cooperative's two housing projects. This practice resulted in an improved level of household and community cleanliness, elimination of stench, and reduction of the incidence of littering and improper waste dumping.
- The values of thrift, discipline and cleanliness had been greatly reinforced as resident-participants increasingly realize the benefits of consistently applying sound solid waste management. Resident-participants also consider themselves active initiators of change.
- The Project helped popularize the cooperative approach in the delivery of social services. Majority of the participants attribute project success to the strength of the cooperative spirit, specifically the Project Management Team's unwavering focus, determined attitude, and complete transparency in all transactions. As a result, three food establishments signified interest to become institutional participants to the program. RMC Hospital and College have asked the cooperative to collect their garbage, aside from giving resource support. A farmers' cooperative has committed to promote organic farming and to endorse the use of vermicompost among its farmer-members. Other local government offices have signified their interest in promoting the said project.
- Positive experiences derived from the Project also aided the Cooperative in drafting policies to improve their delivery of services and benefits to present and future members. Of significant impact was a resolution made by the Board to include solid waste management training as an integral module of its Pre-Membership Education Seminar (PMES).

A Strategic Planning workshop was conducted for 18 Board Members and four (4) members of the Project Management Team for the effective and efficient operations of the Solid Waste Management Project and the whole cooperative operations as well.

Lessons Learned in CDP-Philippines Service Delivery Pilots:

- Performing a thorough needs assessment on a regular basis is vital in identifying the urgent and emergent need for new services or projects of cooperative members and the community. Appropriate tools must be used to accurately measure member needs and priorities.

- Needs assessments should also look into the strengths and weaknesses of the cooperative in order to determine whether it has the organizational and financial capability to extend a new service or implement a new project.
- Members should be consulted and involved in the conduct of needs assessments as they are the ultimate beneficiaries of whatever new service or project. At the same time, this ensures that the cooperative's new service or project enjoys the whole-hearted support and participation of members in its implementation.
- The creation of a structure or team that will handle the implementation of a new service or project assures its efficient and effective implementation. Cooperatives must assign the right personnel and provide them with the right skills through training.
- Strategic planning should be conducted prior to the implementation of a new service or project. A clear plan serves as an effective guide upon which to monitor the project status, its strengths and gaps, and whether immediate measures should be taken to ensure its smooth operation.

SOUTH AFRICA: Security Association in Amalinda, Buffalo City, Eastern Cape



Unprotected construction materials were often damaged or stolen from Amalinda site. In response, CHF assisted in formation of a local security cooperative to provide day and night-time protection and assist construction of new homes.

The Security Association based on the Amalinda Housing Settlement site was formed to help the construction and site development. In Buffalo City, CHF worked in conjunction with a local NGO, Afesis-Corplan, to build a housing project for local low income residents. Once site work commenced in 2003, security became an urgent problem which required immediate action: construction materials and equipment were left unprotected on site, resulting in many cases of theft. To address the issue, CHF assisted in establishing a formalized cooperative group, trained to prevent theft and safeguard the construction site in Amalinda. Five (5) coop members were trained in cooperative principles, business development and management.

CHF provided funding of \$13,793 with approx. \$6,897 (or R40,000) to cover start-up costs.

#2 Yizani Sakhe Home-Based Care Cooperative

The Yizani Sakhe Home-Based Care Cooperative was organized in July 2003 in the Kwa Zakhele locality of Port Elizabeth. CDP- South Africa formalized, trained and registered a group of 38 members, 35 of them women in Kwa Zakhele to provide care for HIV/AIDS patients, underprivileged community members. The members are a group of men and women from the local Methodist Church providing services to members of community, including children. Currently, there are 56 patients receiving HIV-AIDS home-based care and 1 meal (soup) per day. A further 80 impoverished community members are receiving a meal (soup) every Friday.



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To ensure further support, CDP is working with the Department of Agriculture to set up a vegetable garden for this cooperative in order for them to grow their own ingredients for the meals they provide, as well as enable them to sell vegetables to their community members at a reasonable price. The garden is located within the premises occupied by the cooperative. It has been provided at no cost by the Methodist Church for long term use. CDP is awaiting an answer from the Department of Agriculture as to when they will purchase water tanks and fencing for the garden site. Once these are installed, CDP will utilize a private donation already received from CHF International Board Member, to prepare the garden for planting. A donation of plants has also been sourced as has an outlet (Pick 'n Pay Supermarket) for their seedlings. Once the premises are securely fenced off, the coop is expected to take delivery of the seedlings.

This project was co-funded with NCBA. CHF contributed over \$939 (R5,450). Nelson Mandela Metro Municipality/Dept. of Agriculture contributes seedlings, water tanks and fencing at approx. value of \$1,638 (R9,500) whereas beneficiaries themselves contribute labor at estimated value of \$862 (R5,000).

Lessons Learned in CDP- South Africa Service Delivery Pilots:

- This is a process which takes time. Newly formed organizations which are just starting operations are often so pre-occupied with developing and strengthening their internal organizational systems, that they have no time or capacity to play a role in the wider arena. With time, they recognize the need for such actions and they are more willing to engage in community activities.
- Members of new cooperatives need intensive instruction and training in coop methods and in small business development techniques.
- New methods of home-based care for HIV/AIDS patients are successfully demonstrated and popularized among residents who are more likely to use them;
- Municipal authorities involved in these types of innovative projects gain trust in coop businesses and are more likely to engage them as partners in the future;
- Municipal authorities and other socially active organizations learn to join forces and work together with cooperative organizations to implement community-driven projects.

BOSNIA & HERZEGOVINA: Waste Paper Management Project, Maglaj

Homeowner association called its project "*Sorting and collection of old paper - a step closer to Europe.*" The group recognized the fact that joint activities may not only bring residents together but also contribute to heightening of awareness and education in environmental matters, very important in the EU context. Each participating building interested in the project received its own box for collecting paper and the association organized transport and sale of waste paper to a local paper factory. 20% of the amount received from sale was kept by the Association and used to cover its operational costs whereas the remaining amount was used for refurbish and repair selected common areas. As part of the project, the association conducted two workshops in which it promoted their ideas and methodology.



Residents of Maglaj Homeowner Associations collected, sorted, and sold old paper using the proceeds to cover the costs of refurbishing common areas in the building.

Project activities were treated as an opportunity to emphasize local educational and environmental concerns. Participants in the project included teachers and students from Maglaj secondary school as well as Maglaj-based association ECO. By the end of April, an astounding number of 78 buildings joined the campaign, followed by 42 businesses and administration offices. Together, participants managed to collect 10,261 kilograms of paper and generated revenue in the amount of 1,334.93 KM (\$837) for the association. Although the amount received was considered lower than anticipated and the costs (including truck rental, workers for loading/unloading) are still high, the project was deemed a great success. It is self sustainable and chances are good that it will continue in the near future.

BOSNIA & HERZEGOVINA: Revitalization of Green Areas in Otoka Neighborhood, Sarajevo

This project was organized by CDP partner Homeowner Association in Sarajevo. During the implementation, local school children and youth were involved, as well as local residents-retirees. The Association hoped to attract new young members, which, however, proved to be a problem.

On the other hand, the project succeeded in attracting considerable attention of local municipal authorities as well as local enterprises. Municipality Novo Sarajevo treated the Otoka project as part of its own complete program of revitalization of green areas and,

triggered by the successful action of the association, decided to do more than originally planned. Not only did it complement the Homeowner Association's project but proceeded to revitalize neighborhood sport fields. For years this was something the Municipality talked about but never fulfilled its promises. Through the success of the CHF-supported project, homeowners association was thus able to exert significant pressure on the municipality. This resulted in mobilizing the inactive government structure to benefit homeowners. Given the past characterized by stagnant municipal authorities, lack of



Young and old Residents of Otoka helped clean the lawns and planned and reconstructed foot-paths. They learned about environmental concerns and ways to manage urban green areas.

interest in housing matters and in cooperation with homeowner to improve their living conditions, this mobilizing effect can be considered an even greater achievement than revitalization of green areas. The Association additionally benefited by recognizing its own power vis-a-vis the municipality and by gaining the opportunity to develop future joint programs.

BOSNIA & HERZEGOVINA: Feasibility of Group Lending for Home Improvement

Widespread damage resulting from the conflict of 1990's still remains largely unaddressed. Sources of funding for home improvement are scarce and there are no systems of practical support to help residents access what may be available. As of spring of 2004, no Bosnian institution had prior experience with group lending for home improvement projects. Given this situation, CHF-Bosnia's pilot focused on testing the modalities for issuing group loans and the conditions of preparing homeowner associations and residents for these new types of services.

The test group loans were launched through Mikro-REZ Fund, a local micro credit organization established earlier through CHF's MEDI program. The complete process (from initial loan promotion to actual lending and implementation) was explored in two smaller communities: Travnik and Maglaj, where CDP helped establish and train partner homeowners associations. Throughout the process, partner associations played a significant role in promoting the program, in organizing home-owners and assisting them in fulfilling all set requirements. Both Associations perceived group loans an important step towards resolving outstanding home improvement and maintenance problems

currently widely experienced in existing multi-family apartment buildings. With CHF assistance, Mikro-REX defined criteria for group loans².

Experience differed in each community. In Travnik, an extensive promotional campaign included 1000 leaflets, approx.100 posters, and radio jingles 7 times a day for 15 days. As a result, approx.30 telephone inquires were logged, and 5 building representatives came to get more precise information about the loan. Out of these 5 buildings, one expressed serious intention to get a loan of 10.000 KM to repair an elevator and a flat roof, to be repaid in 36 months by 27 home-owners. Unfortunately, even though all prescribed steps were followed and a loan application was approved, the actual loan was not taken. When it came to signing the loan document by all 27 home-owners, some of them changed their mind and after a few hours discussion decided to give up on the whole idea.



18 homeowners in Maglaj took a renovation loan. The results before (left) and after (right) convinced them that financing home improvements through loans may help address the country's post-conflict housing problems.

Maglaj used a different promotional approach. The Association announced its new program of group lending for home improvements during their regular TV show and promoted it widely through individual contacts of association board members. As a result, first 17 and then additional 10 homeowners expressed strong interest in the initiative. Ultimately, residents of 2 buildings applied and received loans³: first, in the amount of 4000 KM for placing a part of new flat roof (18 home-owners), and second one, in amount of 8000 KM for roof reconstruction, change of gutters and reconstruction

² These were defined as follows: (1) Minimum of 80% of home-owners in one building should accept application; (2) Total loan amount between 2000 and 10,000 KM, repayment period 3-36 months; (3) Maximum amount per household 2000 KM; (4) Interest 12% flat (annual); (5) Guarantees : Up to 20 KM monthly per household – group, applicant/signer is at the same time guarantor for the rest of the group; (6) Funds are transferred on a joint bank account. Transfer of the funds to a contractor needs to be signed by the building representative and an authorized representative of home-owners association.

³ There was also a third loan approved for the roof reconstruction but, unfortunately, similarly to the situation in Travnik, at the moment of signing several home-owners withdrew their support and decided not to sign.

of the façade. Work progressed quickly (approvals were received in mid-May, and by the beginning of July, projects were already implemented). Mikro-REZ fond reported that so far repayment is on time (even a few days before schedule).

Lessons Learned in CDP- Bosnia Service Delivery Pilots:

- Even though the need for home improvement loans in Bosnia is evident, there are many obstacles that make group lending complicated. Homeowners of a significant number of flats have not yet returned. Sometimes these flats have been repossessed but in many cases they are either empty or sub-let to new tenants. Owners are not interested in investing in home improvement or in renovation of common areas. In the majority of cases they are simply waiting for a good opportunity to sell their apartment while home improvement needs remain unresolved.
- In a typical building, homeowners represent a mix of people including those currently employed, retired and unemployed. Differences in terms of household incomes can be significant: while some homeowners may be able to afford group loans, there are many others who will not. Comprehensive support systems are needed.
- More preparation of potential borrowers is needed. Representatives of credit providers, homeowner associations, and building representatives need to join forces to educate the borrowers about all aspects of group loans. This approach will allow to eliminate or at least minimize situations similar to those experienced under the CDP pilot when the whole process was followed through but the loan was not taken.⁴
- Implementation of home improvement projects is difficult. Associations do not have experience in prioritizing, budgeting, organizing bids, running the tenders, or monitoring implementation on behalf of homeowners. At the same time, they realize this can be an important new service offered to members. In order to bring associations get up to speed, it is necessary to organize specialized training and assist in gaining the necessary knowledge and experience.
- Group loans for home improvements are something very new in the Bosnian housing market so people need time to be acquainted with the concepts and practice. So far, homeowners have not developed a uniform attitude towards joint responsibility. While some prefer to share the risk with their neighbors and favor group loans, others prefer to take small individual loans within the scope of one big one. It might also be useful to investigate the possibility of going into partnership with management agents, some of whom are currently using a very limited and simplified version of group lending.

⁴ Few home-owners interested in a loan may push for it without support and consent of other owners but when it comes to signing loan documents those who do not agree simply do not sign and the loan never takes place.

- Based on experience gained so far, once a loan is taken, home improvements are implemented very quickly and repayment by homeowners is regular.
- Comparison of the ultimate value of successful group loans, the amount of time and effort needed for preparation of borrowers and for processing does not favor such projects. However, we should consider current lending activities a learning process. We can reasonably expect that once all processes are refined and more experience is gained, less time and work for preparation and support will be needed.

CONCLUSION

Successful cooperative delivery projects addressing current community concerns serve as effective marketing tools to promote the organization and the cooperative principles. Community-driven service projects help cooperatives to attain a stronger position vis-a-vis local authorities, and influence them to directly support their projects or implement similar ones.

Within the context of individual cooperative organizations, expansion of services and community orientation of projects helps attract new cooperative membership and encourage involvement by not-so-active members. As observed throughout the CDP activities, the interest in cooperative membership has swelled, especially among residents of adjacent communities. Community-oriented service delivery project has thus served as an attractive gateway for membership in the Cooperative.