

SUPPORTING COMMUNITY-BASED HOUSING

**SRI LANKA DEMONSTRATION PROJECT
CASE STUDY
PART II**

FOREWORD

This study was prepared by the United Nations Centre for Human Settlements (Habitat) and the Government of Sri Lanka as a midway documentation and assessment of the International Year of Shelter for the Homeless Demonstration Project on Low-income Shelter. For the compilation of this study, information and insights were contributed by all project staff members of the Urban Housing Division of the National Housing Development Authority (NHDA) of the Ministry of Local Government, Housing and Construction, Government of Sri Lanka. Special thanks are due to Mr. Disa Weerapana, Project Director, Mr. Susil Sirivardana, General Manager, NHDA, Mr. Lalith Lankatilleke, Deputy General Manager, NHDA, Mr. K.A. Jayaratne, Senior Manager, NHDA, the Project Coordinator, Mr. Dayanande, Senior Manager, NHDA, and Ms. Vajira Pathirana, Monitoring Specialist, NHDA.

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I. BACKGROUND AND OBJECTIVES

The purpose of this study is to record and analyse the innovative policies and procedures which were introduced through the Urban Housing Subprogramme of the Million Houses Programme of the Sri Lanka Government. The study focuses particularly on those aspects of the programme which are the basis of the Demonstration Project on Low-income Shelter -information and training. This is a joint project of the Government of Sri Lanka, the Government of the Netherlands and the United Nations Centre for Human Settlements (Habitat). In Part I, the objectives of the Demonstration Project were detailed, and a description of the Demonstration Project was given.^{1/} The first phase of the project is now finished, and this report, Part II, documents and analyses the preliminary results.

The new approach to low-income housing delivery, initiated in the Million Houses Programme, has received worldwide attention. Housing professionals are anxious to learn from the Sri Lanka experience, but only sparse documentation of the Programme exists. This study documents the basic principles on which the Urban Housing Subprogramme is based and the institutional structures and procedures which have been developed to implement the Programme. A preliminary analysis of the experience in the first few years highlights some of the main policy issues which face the urban subprogramme.

The main aim of the Million Houses Programme is to improve the housing conditions of the majority of the low-income households in both urban and rural areas. In order to implement such a large-scale programme, it is crucial to decentralize programme execution and to devolve the decision-making process as much as possible to local authorities, low-income communities and participating households. Popular participation is central to the approach to low-income housing provision under the Million Houses Programme, and the role of the Government is to provide support to individual households or communities, so that they can improve their housing situation.

The emphasis of the UNCHS (Habitat) Demonstration Project is on strengthening the implementing networks necessary to reach the scale desired, and to

enhance the capacities of local authorities, communities and households to participate in the implementation of the Urban Housing Subprogramme. The approach of the Demonstration Project is to stimulate innovative uses of:

(a) Support communication, through training, information provision and motivational support at the local authority and community level;

(b) Community development, to build capacities for continued community action;

(c) Monitoring and evaluation feedback processes, to strengthen management at the various levels and to improve housing policies and implementation strategies.

These objectives are intimately interwoven with basic governmental objectives for the housing programme. The results of the Demonstration Project can, therefore, not meaningfully be discussed separately from those of the overall urban subprogramme. The report, therefore, describes the Demonstration Project as an integral part of the urban component of the Million Houses Programme. This is different from the original concept of the Demonstration Project as described in Part I.

The Demonstration Project began in 1983 as part of the Slum and Shanty Upgrading Programme of the Urban Development Authority which was, at that time, the only low-income urban housing programme. Four demonstration projects were selected for testing and documentation of the new approach. When this programme was integrated with the Urban Housing Division of the National Housing Development Authority, the co-ordinating agency for the Million Houses Programme, the support approach of the Million Houses Programme was extended to all components and all projects of the urban subprogramme. The assistance provided under the Demonstration Project could not, therefore, be separated meaningfully on the basis of individual projects. The inputs of the Demonstration Project became targeted on the overall programme.

^{1/} United Nations Centre for Human Settlements (Habitat). Shelter for Low-income Communities Sri Lanka Demonstration Project - Case Study - Part I (Nairobi 1986)

Consequently, this study focuses on the programme-wide support approach, as it has gradually developed since 1983 and, particularly, since 1985 when the Urban Housing Subprogramme was initiated.

Since the Urban Housing Subprogramme of the Million Houses Programme only began to function in 1985, the intended scale of the programme is not yet reached, and new approaches to supporting the participating communities are being developed continuously. This study describes and analyses the Programme, as it continuously had evolved up to the end of 1986, and must be seen as one stage in a programme which continues to change in response to new experiences.

The organization of the study reflects the priorities of the Programme and concentrates the description of the Programme on the different levels at which the support approach is mobilized - the household, the community and the urban local authority. Chapter II describes the aims of the Programme, the institutional context and the

general implementation procedures, and provides the reader with a framework in which the complexity of the Programme can be understood. In order that this volume may be understood without reference to Part I, some parts of the general policy overview given in the first part are briefly repeated here. Chapter III analyses the way the Programme is implemented at the household level - the way individual households build their houses, with support provided through the Programme, and the problems they face during the building process. Chapter IV describes the role of the community in the implementation of the Programme - the need for and experience with community organizing, the role of non-governmental organizations and the functions of the community in planning and implementation. Chapter V analyses the initiatives which have been taken to develop a decentralized support and management structure for the programme through urban local authorities. The main policy issues which are raised by the study are discussed in chapter VI.

II. OVERVIEW OF THE URBAN HOUSING SUBPROGRAMME

A. Historical background

Housing policies in Sri Lanka have undergone interesting and far-reaching changes over the past decade. At the same time, rural development and other policies have resulted in an extremely modest urbanization rate, and the proportion of the population residing in urban areas has remained at approximately 20 per cent. As has been detailed in Part I of this report, housing policies adopted by the Government before 1977 were aimed primarily at regulating the housing market. Direct investment by the public sector in housing was very limited, particularly compared with the massive income-support programmes in other areas, such as education, health services and food subsidies. Moreover, subsidies involved in publicly provided rental and aided-self-help housing in urban areas did not benefit the poorest section of the population which had the most pressing housing needs. Additionally, the Rent Control and Ceiling on Housing Property Acts, adopted in the early 1970s, created a disincentive for private investment in the housing sector. As a consequence, housing conditions for the poorest urban households deteriorated. However, some of the housing strategies initiated during this period provided an important basis for the present housing programme.

Since 1977, emphasis has been placed on stimulating the economy and increasing production. Income-support subsidies were cut and specifically targeted to the lowest-income groups. Stimulation of the construction industry, particularly through urban development and housing programmes, was one of the main aims of the first five-year plan of the Government, and investment in housing was increased to an unprecedented high of 12 per cent of total public investment in 1980 to carry out the "100,000 Houses Programme". Restrictive regulation of the housing market was relaxed in order to stimulate private investment. The Government assumed an active role as developer in the housing and urban development field. Two institutions were created to implement the Government's programme - the National Housing Development Authority (NHDA), for the implementation of the "100,000 Houses Programme", and the Urban Development Authority (UDA), for the formulation and implementation of urban land-use policy and urban and industrial development projects. The Slum and Shanty Division (SSD) of UDA was charged with the upgrading of selected slums and shanty areas, particularly in Colombo where the slum and shanty problem was most acute.

This programme provided basic improvements in slum and shanty areas of Colombo. In the early 1980s, approximately half the population of Colombo lived in slums or shanties, often without basic services (see Part I). The programme focused on the provision of land tenure and communal water and toilet facilities and the upgrading of roads and footpaths. It developed, for the first time, feasible approaches and procedures for the upgrading of slums and shanty areas. These procedures formed the basis of future low-income housing programmes. However, this programme alone could not cope with the need for urban low-income housing. Only a small percentage of UDA's budget was allocated to SSD (2.25 per cent), and only about half of the yearly budget was spent because of inadequate staffing and other administrative inefficiencies. By 1984, only 8,500 housing units had been covered by the programme.

By 1982, a number of issues had become clear. Housing was recognized as a long-term development concern of the Government around which political support could be gathered. However, with the increasing gap between national savings and investment and a deteriorating international and national economic situation, the Government was forced to reduce subsidies, particularly for housing. At the same time, real incomes of the poor had decreased, because of reductions in income-support subsidies, making it even harder than before to provide affordable housing for low-income groups in urban and rural areas. Experience with rural aided self-help housing and with the slum and shanty improvement work in Colombo had shown that people were willing to mobilize their own resources to invest in their own houses if they had secure tenure to the land and if the Government provided some basic incentives. This made a housing programme a suitable vehicle for reaching another critical goal of the Government, namely the enhancement of people's participation in a decentralized governmental structure. The combination of local government and housing in one Ministry facilitated the concept of a joint effort for achieving the political objectives of both decentralization and housing provision.

A task force was formed to prepare a new housing programme which would take financial constraints and political objectives into consideration and would incorporate lessons learned from previous and existing housing programmes. This was facilitated by the participation of officials from all housing agencies of the

Ministry, including those associated with the "100,000 Houses Programme" and the slum and shanty upgrading programme.

The task force reached agreement on a set of guidelines for a future housing programme:

(a) The Government should play a supporting rather than a participatory role;

(b) The programme should cover a larger number of households than previous programmes;

(c) The shelter solutions should be affordable by the beneficiaries, and the costs should be recovered;

(d) Incremental building methods and the use of local technologies and local materials should be emphasized;

(e) Initiatives by the community and by individual households should be stimulated.

Based on estimates of housing need and on the general guidelines set by the task force, the Prime Minister, who is also the Minister of Local Government, Housing and Construction, announced the Million Houses Programme (MHP). This Programme was based on a radically different philosophy from the "100,000 Houses Programme": the direct intervention of the State in the provision of houses would be minimal and would focus on the provision of support and information to assist individual households to build or improve their own houses. The Programme would cover all types of housing - urban, rural and estate. The ambitious target of 1 million refers to the total number of households to be reached by housing efforts of both public and private sectors. While originally this target was supposed to be reached within a 10-year period, it is now hoped that, by 1989, 1 million households will have benefited under the programme.

After a year of experimentation with demonstration projects and development of implementation and administrative structures, the **Rural Housing Subprogramme (RHSP)** started in January 1984, on a national scale. The main component of RHSP is the Housing Options and Loans Package, a number of loan options of different amounts for house improvement or new

construction or the improvement or construction of individual services. Households may choose one of the loan options according to their needs, preferences and affordability. The beneficiaries are low-income households with incomes up to Rs 1,200 (\$44) per month. They have to be Sri Lankan citizens and residents of the village which has to approve the loan, and they should not own any permanent house other than the one for which the loan is provided.

The **Urban Housing Subprogramme** started in 1985. In order to execute it, the operations of SSD of UDA were incorporated in the Urban Housing Division (UHD) of NHDA. For that reason, UHD has a relatively large staff which is directly responsible for the planning and execution of upgrading and sites-and-services projects in Colombo Municipality, a task which was carried out by SSD before the merger. UHD is now involved in the implementation of over 40 low-income housing projects in Colombo alone. Additionally, UHD co-ordinates the decentralized Urban Housing Subprogramme which is described in detail below.

B. Aims of the Urban Housing Subprogramme (UHSP)

The dominant aim of UHSP is to make a substantial and lasting impact on the housing situation of the urban poor. To this effect, scale is the most important requirement. The first objective of UHSP is, therefore, to reach a large number of households and to make resources available to many households instead of providing a few with high-standard housing solutions.

A large-scale programme, reaching a substantial number of households in all 51 municipal and urban council areas, can only be effectively implemented through a **decentralized institutional structure** and a **devolution of the decision-making process**. Planning and implementation are joint efforts of the central and district offices of NHDA, the urban local authorities, the communities and the individual households. One of the main tasks of UHSP is, therefore, to formulate procedures and develop new institutional structures which can guide the relationships and task divisions between NHDA and local authorities and between local authorities and urban low-income communities. As much as possible, these procedures must encourage the

individual households, communities and local authorities to take decisions on planning and implementing UHSP. NHDA, as the central-government institution, provides necessary support in the form of finance, land regularization, land tenure, information and training assistance. Decentralization without a true devolution of the decision-making process will not be effective in reaching the scale required by the Programme.

The second objective of UHSP is to **place the human being at the centre of the planning process**. Most decisions on the house-building or improvement process should be taken by the beneficiaries. In the informal housing sector, people have shown their capability, initiative and preferences in the way they construct their own houses. It is the objective of the Programme to support this people-oriented housing process. Houseownership and self-help are the basis of the Programme.

For community and individual initiatives to be stimulated in the context of a governmental housing programme, UHSP needed to develop new organizational systems for implementation and new administrative and technical tools and guidelines. The Programme needed to provide a variety of house improvement and new construction options which could accommodate individual household priorities. Support and guidance were provided through a process of communication and information provision to all parties involved in the implementation process and through a community-based training programme.

The third main element of the Programme is its **economic sustainability in the long term**. As much as possible, central and local government investments in the Programme must be recoverable, in order to finance recurring costs and to expand the housing programme in the long term. The main financial input to the Programme from the central government was a loan fund which had to serve as many low-income households as possible. Loans to individual households were, therefore, small and provided on the basis of households' ability to repay. Mechanisms had to be created to administer a loan programme serving great numbers of low-income households that had never before had access to housing finance, either through the formal private sector or through the public sector. The main local

government investment in the Programme was through the provision of land, infrastructure and communal facilities. Land taxes, service fees and charges were intended to recapture at least part of the investments.

C. Actors in UHSP and their roles

Following the concept of "Minimum intervention and maximum support by the State: maximum involvement of the builder families", a new institutional framework has been developed for the decentralized implementation process of UHSP. It integrates decision-making processes and implementation activities at the national, district, local-government, community and household levels. The decentralized approach cannot, however, be implemented overnight just by creating institutions, and in practice there are quite a variety of ways in which local governments have taken up responsibilities for the housing programme and in which local authorities have delegated responsibilities to community organizations. In subsequent chapters, a detailed analysis of the decentralization process will be given.

1. Ministry of Local Government, Housing and Construction (MLGHC)

The Ministry has the responsibility for developing national policies and programmes and is in charge of national-level co-ordination and monitoring of MHP. Central-government allocation of MHP funds and criteria for allocation of funds to local authorities are set at this level.

2. National Housing Development Authority (NHDA)

The Authority has a main office in Colombo and district offices in the 25 districts of the country. The main office has six divisions: rural development, rural management, urban, finance, administration, and building and design/engineering services, headed by deputy general managers. There are also separate divisions for training and research and for information and public relations. The general role of the main office divisions is to co-ordinate the national programme and to provide technical assistance, training and information to the

districts and local-government bodies responsible for the implementation of MHP. The internal structure of most of the NHDA divisions responds to the decentralized system, and managers are appointed to provide support to one or more districts in the implementation of the national programme.

UHD is different from the other divisions. Apart from having a support role to the 51 urban local authorities in the execution of UHSP, it is responsible for the planning and implementation of most low-income housing projects under MHP in Colombo Municipality and, to a lesser degree, in other urban council areas within the Colombo metropolitan area. UHD inherited this function from SSD: therefore, it has a comparatively large planning and field staff of 60-70 people. For each project in Colombo, there is a manager, who bears most of the responsibilities for planning and implementation of the project, and one or two field-based housing or technical officers.

Most of the engineering and design work on projects is done by the Building and Design/Engineering Services Division of NHDA which has had to adjust from designing for the direct construction programme under the 100,000 Houses Programme to designing for low-cost self-help housing projects with minimal infrastructural and land-development provisions. The UNCHS (Habitat) Demonstration Project provided technical assistance to facilitate this transition.

UHD has its own training unit which focuses particularly on community-level training and on the training of local-authority officials in the implementation of UHSP. All training is based on field-level training methods and on interfacing of different participants in programme implementation - communities, planners and elected and appointed local-authority officials. The Training and Research Division of NHDA also provides training assistance for UHSP. It concentrates particularly on national training programmes for local-authority and NHDA staff and on the organization of special conferences and seminars.

While UHSP originally had its own information unit, which was started under the UNCHS (Habitat) Demonstration Project in SSD, this unit has recently been

merged with the central Information Division of NHDA. It has produced a variety of information materials for different target groups - individual households in UHSP projects, project communities and national and international audiences interested in UHSP. Increasingly, project managers take responsibility for training and information provision to the communities for which they are responsible. Both the Training and Information Units were focal points for assistance under the Demonstration Project (see Part I).

The NHDA district offices are responsible for disbursement and administration of loans. Housing officers of the district offices carry out technical inspections of the construction stages, on the basis of which loan disbursement is done. Where necessary, they provide direct technical support to the Gramodaya Mandalas or urban local authorities. The District Managers of NHDA also act as secretaries of the Housing and Community Development Council and the District Housing Committee, and, therefore, play a crucial role in the co-ordination of UHSP at the local level. Since UHD is responsible for most of the projects in Colombo, the NHDA district office of the Colombo Municipal Council is mainly responsible for loan administration.

3. Housing and Community Development Committee (HCDC) of urban local authorities

The Committee is a new institution which was created for the decentralized implementation of UHSP. Within the framework of overall national policy, HCDC sets guidelines for implementation of UHSP within its urban area. Such guidelines include the level of loans for different upgrading or new construction purposes, the priorities for funding of individual or project-related housing and the selection criteria for individual households. The members of HCDC are a mixture of elected and appointed local-authority officials, central-government officials, representatives of non-governmental agencies and eminent members of the public. The mayor or chairman of the urban council is the chairman of HCDC, and the district manager of NHDA is its secretary. Advisory members of HCDC are the Member of Parliament for the area, the chairman of the district

development Council and the government agent for the district.

Because of its large size, the Colombo HCDC meets separately for each of the six engineering districts of the city. The ward members of each of those areas attend as well as the responsible technical officers from the Colombo Municipal Council (CMC) and UHD. Unique to Colombo is the involvement of the Members of Parliament in the urban programme. There are five parliamentary electorates in CMC, one of which - the Colombo Central electorate - is that of the Prime Minister. In each electorate, the Member of Parliament holds monthly meetings which are called "Electorate Development Progress Meetings". These are attended by ward members, NHDA staff members responsible for that area, staff from UDA and other central-government departments and community representatives: the meetings are chaired by the Member for the area. These meetings are very influential in the planning and implementation of the UHSP in the CMC area.

4. Urban local authorities (ULA)

The ULAs have to assemble or acquire land, obtain planning clearance and provide services and infrastructure to residential areas. They are also responsible for the planning and implementation of upgrading and sites-and-services projects according to the guidelines of HCDC. The NHDA main office provides training and information support and, where necessary, planning support to the local authorities, while the housing officers of the district office of NHDA assist in field planning and supervision of the building process of individual households.

Many ULAs lack financial and managerial resources to implement community-based low-income housing projects. In the six ULAs where the United Nations Children's Fund (UNICEF)-sponsored health and basic services programme is being implemented, special funds were made available to recruit and train community development officers to work with the community and report to the medical officer of health. In other ULAs, no such field staff is available. Even Colombo lacks a low-income housing department, and all its housing projects are therefore developed by UHD. MLGHC, in collaboration with the World Bank, is

implementing a large-scale urban-development project to enhance the capacities of ULAs. However, this programme is focused primarily on the enhancement of financial management skills.

5. Community development councils (CDC) and community thrift societies

The key to the Programme is devolution of the decision-making process to the community and the individual builder-households. Each project area included in UHSP organizes a CDC which serves as a channel of communication and as the decision-making body for the community. CDCs are meant to take decisions on the layout of sites, the plot sizes, the public spaces and the level of infrastructure. They are involved in decisions on the level of the loan to be approved for each household and may choose to take responsibility for the construction of infrastructure. They will also be responsible for the maintenance of services. At the moment, CDCs are only formed in projects in the Colombo area and in projects included in the UNICEF basic services programme. No experience with CDCs exists in other local authorities.

NHDA plans to assist communities in setting up community thrift societies. These will provide small business loans and will administer NHDA housing loans for each community. The thrift societies play a crucial role in RHSP, and, although little experience exists with thrift societies anchored in urban neighbourhoods, a number of promising initiatives are under way.

6. Non-governmental organizations and governmental social and skill training programmes

NGOs assist ULAs in the development of representative community organizations and in other activities for which ULAs do not have the capacity, such as income-generating activities and social and health programmes.

There are several governmental social and training programmes available which are of particular interest to residents of low-income housing areas included in MHP. The Construction Industry Training Project of

MLGHC is the most relevant, and one component of the programme was designed particularly to support MHP. It is an apprenticeship programme for young men to be trained in masonry and carpentry by local craftsmen. The craftsmen are paid a training fee for each apprentice, and the apprentice is paid a small stipend and is provided with a set of tools. The most promising apprentices are given the option to continue their training at a nearby technical college.

Another governmental training and research programme in the housing field is run by the Centre for Housing, Planning and Building. It focuses on staff training for public and private sector institutions involved in housing construction.

7. The builder-household

Individual households have to apply for a loan under UHSP. They are responsible for the design of their houses and for the estimation of the costs of upgrading or construction, although NHDA technical staff will provide assistance wherever this is needed. Households have to acquire their own materials and labour for construction and manage the building process. They are also responsible for the repayment of their loans to NHDA.

D. Project planning and development process in UHSP

The development process of projects included in UHSP differs for each local authority and depends on the characteristics of each settlement. However, all settlements, both upgrading and sites-and-services areas, are low-income areas and are, therefore, restricted in the level of development which can be sustained by the people. Most upgrading areas are illegal, in the sense that land occupation and standards of houses do not comply with official planning and building regulations. These conditions introduce a requirement for special project-development procedures which differ from those of regular development projects.

1. Steps in project development

The first step is the **selection of projects** to be included in UHSP. Generally,^{2/} settlements should be located within ULA areas and should have planning clearance from UDA and ULA for the development of low-income housing. HCDC is responsible for the selection of sites that will be upgraded or that will be developed for sites-and-services projects. There is no clear set of criteria for prioritizing various upgrading or relocation sites within an urban area, and in reality most settlements are selected on the request of the politicians of the ward or electorate. NHDA planners base their recommendations for site selection on some rules of thumb, such as a preference for settlements or sites where the land is owned by the State, sites with the highest deficiencies in service provision or sites which have no problems with regard to overall development.

Most project areas, particularly in Colombo, need to be exempted from the regular building and planning regulations enforced in urban areas, and for each site special permission needs to be obtained from UDA. A relaxed set of regulations is used in CMC for areas declared as **Special Project Areas** by UDA. Other ULAs can develop similar regulations, although not many have done so.

Simultaneously, **land-acquisition** procedures will begin if necessary, and Cabinet approval will be sought to provide 40-year leasehold rights to the project residents. The 40-year leasehold was chosen for Special Project Areas so that the Government could repossess the land, if it should be needed for future development. At the same time, 40-year leases offer sufficient security for the leaseholder to develop the plot. Recently, the issuing of freehold titles has been considered on the basis of a lease-purchase contract over 30 years.

The next step is the **selection of participants**. For upgrading sites, the selection of participants does not occur: only when loans are involved will a selection be made between those who qualify for a loan and those who do not qualify on the basis of the loan-eligibility criteria. For sites-and-services projects, the selection of

^{2/} Some settlements included in UHSP lie outside urban council areas and are incorporated because of their urban features. Approval for development for those areas has to be obtained from the Land Office under the Government Agent of the District.

participants is handled differently by different local authorities. In Colombo, all sites-and-services projects are developed for the relocation of shanty dwellers whose shanty settlements cannot be improved. There is, therefore, no open application procedure for plots, and all households living in a selected shanty area will be offered a plot in a relocation project. However, the political leaders of the area in which the project is located have some discretionary power to allot a small number of plots to deserving households from their area. Some other local authorities have an open application and selection procedure for plots in sites-and-services projects. Mostly, it is the political leadership of the area which makes the first selection of potential participants, after which the NHDA district office verifies the eligibility of the proposed candidates.

When it is clear that no basic obstacles to project development will emerge, a **working relationship with the community** has to be developed in upgrading and relocation settlements. The community has to organize itself into a CDC, so that it can effectively take decisions and participate in the improvement of the area. The organization of a community is a difficult process, and many problems have been encountered in the past. Training, support communication, information provision and simple evaluation methods are used with increasing success to foster a strong community-based project development process. Apart from CDCs, the communities will in the future also be stimulated to set up thrift societies which could play a crucial role in the administration of NHDA housing loans.

The **formulation of planning and building standards** for the area and the design of the project will then be finalized. Until recently, the standards were set and the plans were made by the technical staff of local authorities in consultation with UDA and NHDA. New methods are now being introduced to have the community play an important role in the decisions on standards and in the design of the project. Partnership workshops, including representatives of the community, the local authority and NHDA, are held at various points in the planning process, to make sure that community preferences and needs are incorporated in the design of the project, while at the same time the limitation of resources and requirements of the Government can be introduced and explained. An example of the

minimum standards used for many Colombo projects is given in chapter V.

The next step in the development process is the preparation of the site and the **regularization, blocking-out and surveying of the area**. Because of the marshy conditions in the Colombo area, most sites need to be filled. In upgrading areas, the community takes increasing responsibility for landfilling and blocking-out of the land. In the past, regularization took a long time and was responsible for long delays in project implementation, but present community-based procedures have speeded up the regularization process tremendously. The land survey is done after the communal pegging-out of the area.

After the land has been prepared, **construction of the infrastructure and community facilities** can begin. Most large-scale basic construction work, which needs speedy implementation or specific equipment, is done by private construction firms which are in a governmental pool. Recently, several successful experiments have been carried out in prototype areas under the UNCHS (Habitat) Demonstration Project, with community construction of selected infrastructure, such as wells, roads and drains. It turned out that community construction groups could produce such projects more quickly and at lower cost than outside contractors. The community also takes responsibility for the maintenance of communal services in the area.

The preparation of **leasehold (or freehold) documents** is requested as soon as the survey of the area is complete. However, this takes a long time, and so far leasehold titles have been issued only in a few sites.

As soon as the blocking-out is finished in an area, house construction and improvement can start. The **provision of NHDA loans** begins, and assistance is provided to individual households in the design and cost-estimation of construction activities. Each household is issued a householder file in which the housing design and cost estimates are recorded for future reference. This method was developed in the prototype projects of the Demonstration Project and is now used on a national scale. The ULA works department has to award building permits and certificates of conformity, following the building guidelines approved for the area. These procedures are cumbersome, and plans are

under way to simplify them. However, local authority control is necessary, if the responsibility for enforcement is to rest with the urban councils.

The last phase of project development is the **handing over of enforcement and maintenance responsibilities** to the ULA, if it was not already the main implementer of the project, and to the community. Information and training programmes, preparing communities for maintenance responsibilities, are incorporated in the handing-over procedures. NHDA will remain responsible only for the collection of loan repayments from the community.

During the project-development cycle, **monitoring** information is collected, to provide continuous feedback to management at various levels on the efficiency of new delivery methods, on the results and outputs of the projects and on the satisfaction of the community with the project.

2. Description of the demonstration projects

The general description of the project-planning and development process does not do justice to the great variety of issues faced by the implementing institutions in different settlements. All procedures and instruments which are developed and tested as part of the Demonstration Project have to be tailored to the specific context of each settlement. There are four important types of project included in UHSP - inner-city slum-improvement projects, shanty-upgrading projects, sites-and-services projects for the relocation of households in unupgradable shanties and slums, and upgrading projects for semi-urban unserviced settlements. In this section, a brief description is given of the four Demonstration Projects and of three other projects, in order to present the range of urban project types.

(a) Wanathamulla in the Municipality of Colombo shanty upgrading

Wanathamulla, one of Colombo's largest shanty areas, covers 32 acres of marshy land along the city's eastern boundary. About 1,000 shanty structures, housing 1,300 families, are crowded into a long, narrow stretch between Wanathamulla Road and the Kelani Valley

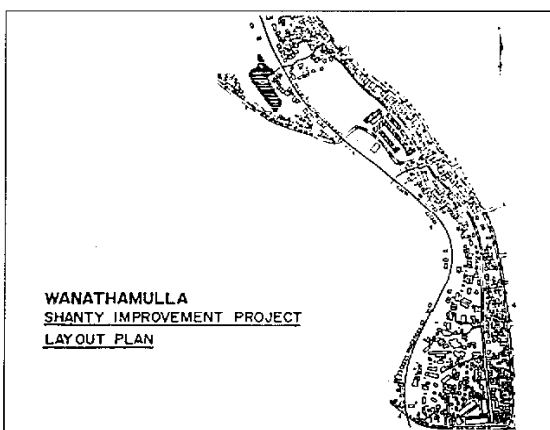
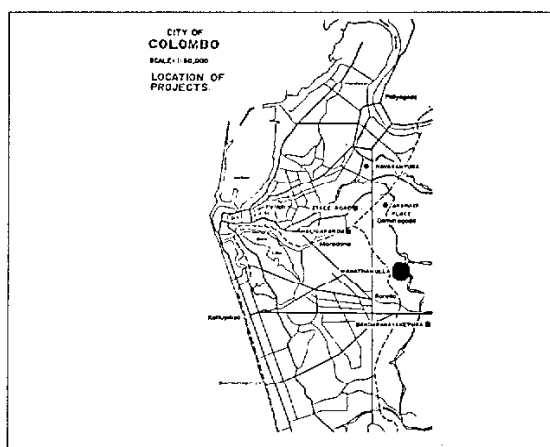
railway line. A large, open drainage canal runs through the length of the site from north to south.

Wanathamulla is a well-established and fairly stable urban community. Seventy per cent of its residents have lived at the site for more than 15 years. The quality of the existing housing varies from structures of palm leaves (*cadjan*) and pole to brick houses with tile roofs and cement floors. Although the latter are a small minority, most of the houses have been rated good to fair, meaning they provide adequate protection against sun and rain. The area is prone to frequent flooding, and overflowing of the canal can present serious health hazards.

Before project initiation, the land was owned by a variety of public agencies. With the exception of a few original tenants who paid lease fees to the State-owned railway, the shanty dwellers had no legal rights to the land. The land has now been acquired by NHDA, and 40-year leases are being prepared for the allottees.

The improvement plan for the area calls for rebuilding the walls of the main canal and its branches, constructing a network of roads and footpaths in conjunction with regularization, and providing communal toilets, water standpipes, bathing wells, street lights and garbage containers. The regularization effort plans to divide the area into plots of 50 to 75 square metres and to fit plot boundaries to existing structures. However, because of the crowded and haphazard layout, about 40 per cent of the households will be relocated to new plots within the same block. In fact, most households qualifying for loans intend to demolish their present houses and build new ones, even if they do not need to relocate. As of November 1986, regularization had been completed in three of the nine block areas, and infrastructure construction was under way. Although only 50 loans had been disbursed, about 200 households had already begun reconstructing their houses with their own funds.

NHDA has been assisted in Wanathamulla by the United States Save the Children Foundation (USSCF), an NGO concentrating on community organization and health and vocational training.

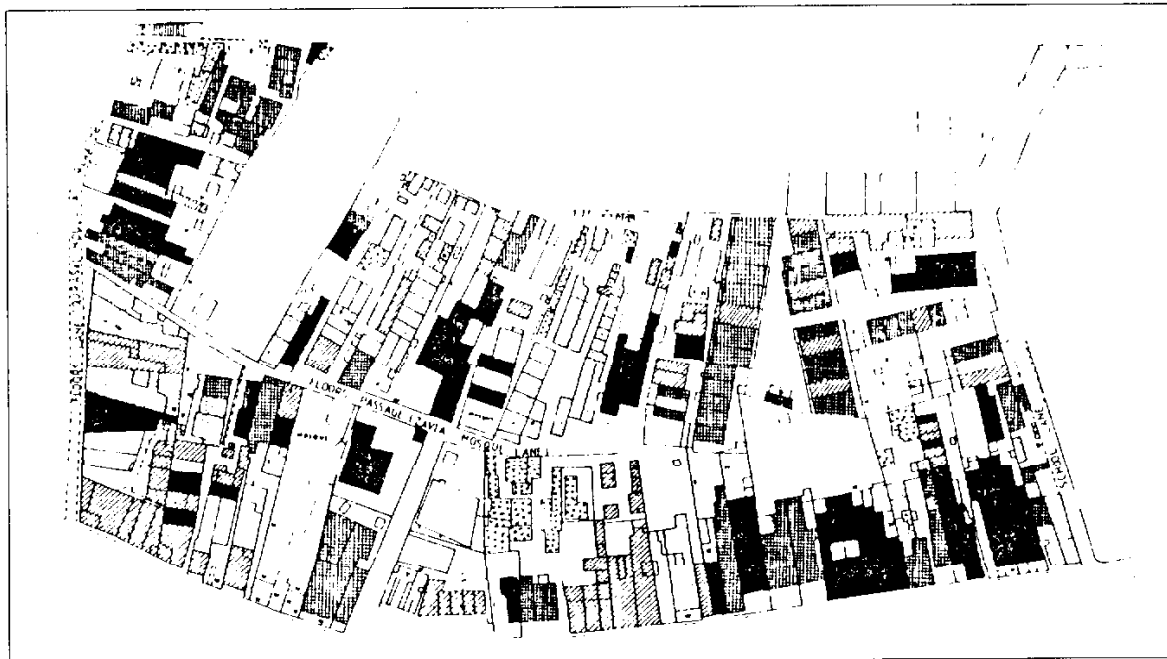
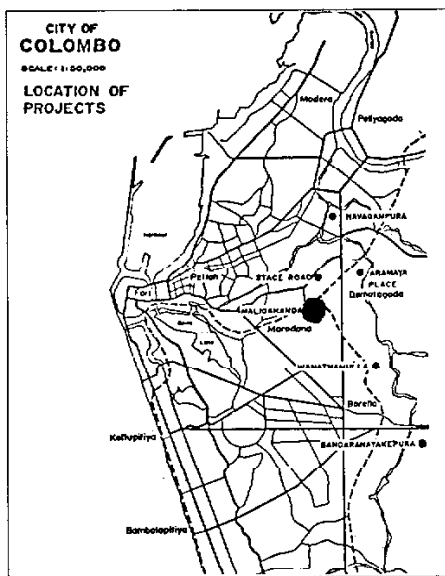


Wanathamulla Demonstration Project

(b) Maligakanda in the Municipality of Colombo - inner-city slum improvement

Maligakanda is an old inner-city neighbourhood located about two kilometres east of Colombo's central business district. This part of the city contains a mixture of commercial and residential buildings, with stores and small business establishments lining the main streets. Private houses are scattered among the commercial buildings and are crowded into residential areas set behind the main thoroughfares, accessible only by small alleys and footpaths. Maligakanda is one such residential area, bounded on the north by a railway and on the south by Dematagoda Road. Covering 7.5 acres, it includes some single-family houses, subdivided slum-houses, shanties and a variety of "tenement gardens" (low one-room row houses built in colonial times to accommodate labourers). The site accommodates 318 housing units and 342 separate households. Surveys indicate that almost 40 per cent of the units are in poor or bad condition. The worst conditions are in the tenement gardens, where only a few occupants own their houses, and in the shanties. One of the most pressing problems is the small size of the living space; 50 to 60 per cent of the households have less than 25 square metres of floor space.

At the root of Maligakanda's housing problem are complex tenurial relationships which inhibit investment in improving the properties. The neighbourhood has been much affected by Sri Lanka's Ceiling on Housing Property Law of 1973, which limited the number of houses that could be owned by a single landlord. The Law required that owners dispose of houses designated as surplus, giving sitting tenants the first option to buy. If no private arrangements could be made, the properties were to be vested with the Commissioner of National Housing for subsequent transfer of deeds to the tenants. When the Law was enforced, most rental properties in Maligakanda were vested with the Commissioner. At the time of the enumeration survey in 1984, 22 per cent of the site's households were owners of properties transferred under the Law, and 21 per cent were awaiting transfer of their deed. Twenty-three per cent were still rent-paying tenants, 13 per cent were owners, another 13 per cent were squatters, and the remaining 8 per cent were in miscellaneous tenurial categories.



Maligakanda Demonstration Project - Inner-city slum improvement

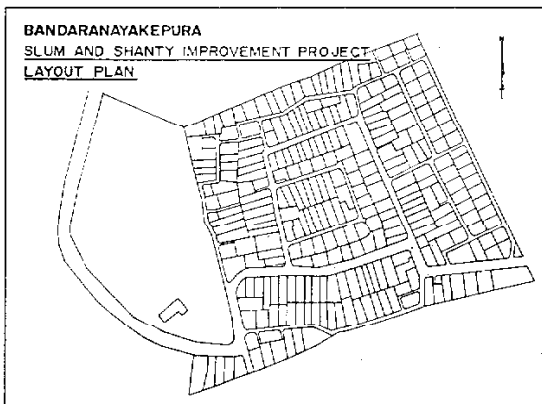
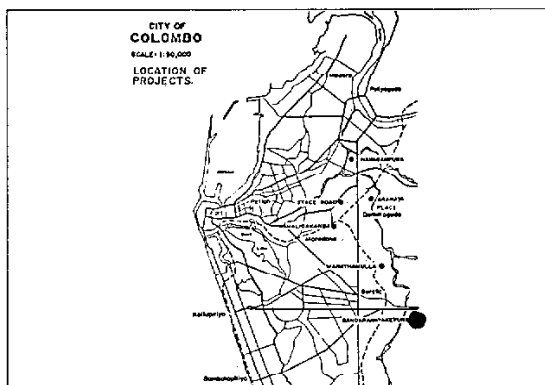
Much of NHDA's effort in Maligakanda is devoted to granting as many households as possible clear title to their property, but the acquisition of the land turned out to be a difficult and lengthy procedure and caused serious delays in the construction of infrastructure and the relocation of households. Initiatives by NHDA include: (a) transferring deeds to tenants whose properties are vested with the Commissioner of National Housing; (b) acquiring and vesting with the Commissioner those properties which lack a clear rental arrangement between the owner and the tenant, and subsequently issuing NHDA leases to sitting tenants; (c) acquiring land in gardens where there is a need for plot regularization or where new infrastructure is to be constructed; and (d) establishing a sites-and-services area on adjacent land of 36 plots for housing former shanty dwellers and those whose floor area falls below the specified standard. It is expected that, upon project completion, about 75 per cent of the households will have security of tenure. NHDA is also providing communal toilets, water standpipes, bathing places, garbage containers, paved footpaths and street-lighting. About 30 per cent of the households are eligible to receive a loan of up to Rs 8,000 (\$296) for upgrading existing structures, and so far about 20 loans have been disbursed.

The NGO, Redd Barna, has recently begun assisting the NHDA by reorganizing the CDCs and establishing community education programmes.

(c) Bandaranayakepura and Polwatte

Bandaranayakepura is a former shanty settlement, consisting of about 285 households and located just east of the City of Colombo in the Kotte urban area. Before project initiation, Bandaranayakepura, as with other squatter settlements, suffered from poor drainage and inadequate facilities. Nearly all structures were made out of temporary materials.

Although 20 houses were built at the site through the Government's 100,000 Houses Programme, the first efforts at comprehensive upgrading began in 1983. Because the land was owned by the Kotte Urban Council, there were no problems in vesting it with NHDA. The project began with regularization of the area (dividing the residential area into plots of about 50 sq m) and the construction of wells, toilets and roads, according to the



Bandaranayakepura - slum and shanty improvement project

minimum standards for special project areas. NHDA loans were disbursed in October 1985 to 262 households, and house construction is nearly complete. The loan amounts were decided primarily on the basis of income. Forty per cent of all households received the maximum of Rs 15,000 (\$555), another 40 per cent received between Rs.10,000 and 15,000 (\$370 to \$555), while the rest were given loans of below Rs.10,000. The great majority of the households chose to demolish their old structures and build new houses. In September 1986, the Prime Minister officially handed over the 40-year leasehold documents to the residents.

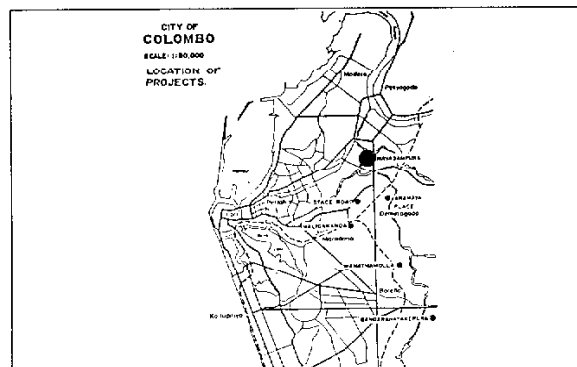
Polwatte, a shanty area located on marshy land directly adjacent to Bandaranayakepura, represents the second phase of the project. Temporary toilets and standpipes have been installed through community construction, and the site has recently been blocked out for regularization.

(d) Navagampura in the Municipality of Colombo

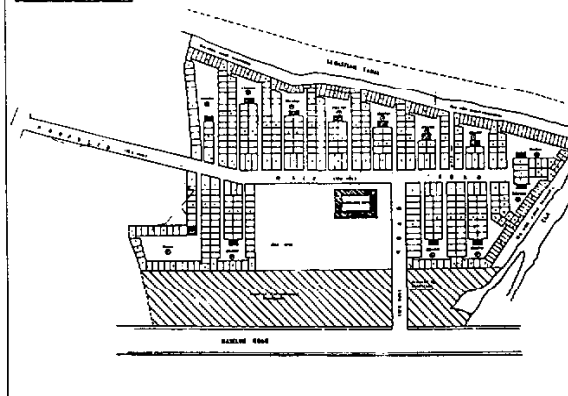
Navagampura is a sites-and-services scheme of 525 plots in the north-eastern part of Colombo. The physical design was prepared in 1982 at a training workshop for governmental planners, conducted by the Massachusetts Institute of Technology and sponsored by NHDA and the United States Agency for International Development. Site development began in January 1985, and selected households began construction of their houses at the same time.

So far, 400 plots have been allocated, most of them to households resettled from nearby shanty areas which had to be demolished. Although the original design called for varied plot sizes for commercial and residential plots, it was later decided that all plots would be a standard 50 sq m. Loans of Rs 15,000 have been disbursed to all plot-holders, and construction of the original 400 houses is virtually complete. Most of the units are single-storey row houses, laid out in clusters ranging in size from 14 to 52 houses. The households within a cluster share a central, semi-private court as well as communal toilet and bathing facilities. Allottees have been granted 30-year leases, with the right to ownership after the lease period expires.

CDCs have been organized in each of the cluster areas. The Sarvodaya Sharamadana Movement,



NAVAGAMPURA PROJECT - STACE ROAD
LAYOUT PLAN



Navagampura - sites and services scheme

an NGO based in Sri Lanka, has been active at the settlement, providing day-care and pre-school facilities and vocational training.

(e) Stace Road in Colombo - sites-and-services

The Stace Road settlement, another sites-and-services project, is situated in the eastern part of Colombo adjacent to a drainage canal. It has 170 plots of 50 sq m. There are three sets of beneficiaries: (a) a group of 20 households rendered homeless after the violence of 1983; (b) squatter households resettled from an adjacent area which was cleared for commercial use; and (c) former shanty dwellers from the downtown Fort area. The site has been provided with communal services and infrastructure according to the minimum standard requirements for Special Project Areas. The households in group (a) had their houses built for them directly by the Government, and the rest of the households have received Rs 5,000 (\$185) in compensation for the demolition of their shanties and loans of up to Rs 10,000 (\$370). Allottees have been issued 40-year leases. Illegal transfer of plots is not uncommon in this project and is related to the low priority some of the relocated shanty dwellers attach to their housing conditions.

(f) Malkaduwwa on the periphery of Kurunegala Township upgrading of semi-urban unserved settlement

Malkaduwwa is an unserved neighbourhood just outside Kurunegala, a town about 50 miles north-east of Colombo. In the early 1970s, nearly 600 squatter households from shanties in and around Kurunegala were relocated to Malkaduwwa and granted plots of 20 perches (about 500 sq m) which are large enough for small-scale cultivation. Many of the properties were subsequently sold so that now only about one third of the plots belong to the original allottees. No services were provided when the area was planned, and individual households were expected to dig wells and pit latrines. People used the wells for drinking as well as washing and bathing. As a result many were polluted. Each plot has now been provided with a

double-composting latrine, and 22 common wells have been built - eight for drinking and 14 for bathing. Nevertheless, many people continue to drink from polluted private wells.

Out of 604 households, 96 have received loans, and 56 of these have completed new construction or improvement of their houses. Another 51 households have built without NHDA loans, using their own finance. Loan amounts are set by the district's housing committee and not by the Kurunegala town HCDC, since the site lies outside the town boundaries and jurisdiction. The disbursement of additional loans is hampered by the area's uncertain tenurial situation. The rules state that, for a plot-holder to receive freehold title to the plot, he must be on the original list of allottees or must have asked permission from the district Land Kachcheri to transfer the plot to another occupant. Yet, nearly 60 per cent of the households do not meet these criteria. Moreover, properties continue to be transferred at an alarming rate, since the market value of a 500 sq m plot in close proximity to the town has increased considerably. No loan can be given to a plot-holder whose right to the plot has not been ascertained, and a priority of the project is to clarify the land situation, so that eligible residents can acquire loans for improving their houses.

(g) Resettlement projects in Weligama Town

In August 1985, a tidal wave swept away the shanty houses of 240 fishing households who had been living close to the beaches of Weligama Bay in Weligama Urban Council area. All the houses were destroyed, as were many fishing boats and much fishing equipment. The ULA resettled the households in six different sites-and-services projects around the town, of which the largest has 147 plots.

All projects were located on land owned by the Government and were blocked out in a few days. Households were given a plot of land of 150 sq m, the legally required minimum plot size for urban areas set by UDA.^{3/} They received a grant of Rs 1,000 (\$37) for the construction of a temporary house, and, in December 1985, each household was given a loan of Rs 1,250 (\$46)

^{3/} Weligama, as with most other urban areas, has no approved minimum standard regulations for special project areas for low-income housing.

for construction of a pit latrine and a loan of Rs 4,000 (\$148) as first instalment of an Rs 8,000 housing loan under UHSP. The loan was to cover the construction of the foundations and the walls up to roof level. Most households have built the foundations but have spent the rest of the money for subsistence. They continue to live in their temporary houses, and it is

unlikely that they will be able to raise the money to construct the walls and thereby qualify to receive other loan instalments to finish the construction of their houses. Other households, however, are gradually completing their houses. ULA provides roads, drains, water, community facilities and electricity to the areas.

III. PROGRAMME IMPLEMENTATION AT THE HOUSEHOLD LEVEL

A. The support approach to housing

The principle of community participation is central to the design of UHSP and MHP in general. It is difficult to overstate the emphasis placed on maximizing the involvement of "the people" and on reorienting Government's role from direct intervention to support. In NHDA's view, the chief implementers are the low-income households themselves, not the governmental professionals. The Agency's role is to provide the security of tenure, the training and the cash necessary to unleash people's own efforts to improve their shelter.

This is not mere rhetoric. As the Programme is designed, loan recipients are charged with the responsibility for securing materials and organizing the labour necessary to build their own houses. Since the loan amounts are substantially below the cost of most houses constructed in the Programme, households must draw on their own monetary resources or arrange additional financing.

B. The participating households

In the Colombo area, households within UHSP project sites have been residents either of the shanty areas that have existed in and around the capital since Independence or of long-established inner-city slums, such as Maligakanda. In Wanathamulla and other squatter settlements, people have been living at the same site for as long as a generation, and the residents of new sites-and-services schemes, such as Navagampura and Stace Road, have been relocated from former shanty areas where many had lived for a long time. While a few people have recently moved into the city from rural areas, most come from urban low-income environments. The origin of participants in projects outside Colombo is variable. Participants may come from urban shanties or they may be former tenants who have become eligible through open application. Some of the sites being upgraded in small urban areas are not true shanty settlements but rather unserved semi-rural neighbourhoods.

In November 1986, a small (94 households or approximately 15 per cent of the total number of households in the selected sites) random sample survey was conducted in five selected project areas in the metropolitan area of Colombo, where loans had been distributed and people had built or were in the process of building

their houses. The survey focused on the house-building process and the cost and financing of house construction. The results indicate that the average household size is about equal to the national average (5.6 persons per household), although this varies by project. One third to one half of the households consist of a married couple and children, but extended family households, including grandparents, spouses of married children or other relatives besides nuclear family members, are also quite common. About 20 per cent of the households are headed by females.

Although income levels are generally low, they vary somewhat from site to site. According to 1984 baseline surveys, the average income in Maligakanda (excluding original owners) was about Rs 1,250 (\$50) per month. In Wanathamulla, the average was about Rs 960 (\$38), and, in Malkaduwwa (Kuruwagala), the median was still lower at Rs 770 (\$31).

The employment situation for most of the households is uncertain. Only about 20 per cent of household heads have full-time employment. About 10 per cent work in public-sector jobs, and nearly all of them are employed full-time. About 40 per cent are casual workers, finding odd jobs when available, and another 10 per cent are self-employed as vendors, craftsmen and the like. It is common for more than one household member to be employed, especially in the case of extended households, where adult children and their spouses are included in the household. Wives sometimes also work, supplementing family income by selling prepared food, tailoring or working in regular employment. The contribution of wives is sometimes quite substantial, since it is not uncommon for women to work temporarily for high wages in West Asia.

C. Communication support to participating households

It is clear that the Programme is ambitious, both in the scale it aims to achieve and in the level of participation it intends to generate. Yet, the beneficiaries have had little experience with house construction, with organization of construction labour or with issues surrounding the legalization of land. In that sense, UHSP, particularly in high-density areas in Colombo, is considerably more complex than RHSP, where support by the

Government, through the provision of a loan, is often all that is needed to achieve a genuine self-help house-improvement process. In UHSP, people need to be motivated to participate, need to be informed about the different aspects of the Programme and need to be educated and trained in new concepts and tasks. These communication support activities are crucial, in order to achieve speedy implementation and to avoid bottlenecks which have bogged down many low-income housing projects. Programme staff members need to be trained in such a support approach and they need the managerial backing to implement it.

Information, motivational support, training and community development approaches, to enhance the capacities of communities and households to take action, have increasingly been considered important policy instruments in achieving the objectives of the national housing programme. These are also the main focus of the Demonstration Project, and the financial and technical assistance provided under the Project concentrates particularly on the development and testing of new approaches in those areas (see Part I). In the early years of the Project, the emphasis was on the training of SSD staff in communication support approaches and on the provision of information about the urban programme to participating communities and to national and international professionals and politicians interested in the Programme. With an increasing number of projects reaching the stage of plot regularization and of households being issued loans for house construction, the focus of information and training efforts has shifted to the individual households.

Under the large-scale NHDA urban programme, the training and information support to individual builder-households is receiving special attention and is seen as the corner-stone of programme implementation. The problems encountered in the first NHDA sites-and-services project in Colombo - Navagampura - demonstrated the need for household-level education and information. Many households were unaware of the types of building material which they should use, the area of the plot that could be covered, the distance to the plot boundary which was to be left open and the need for filling of the plot. With 500 households building more or less at the same time, the few project officers could barely cope with the task of providing information and advice to the builder-households on an

individual basis. The provision of a loan and a type-plan was insufficient to guarantee an efficient building process. The support approach is based on learning-by-doing and several changes have subsequently been made in household level support initiatives.

1. Introduction to the Programme

Since MHP is one of the lead development programmes in the country, it is given wide coverage in the communications media. The Government went so far as to organize a large-scale national rally around the theme of national housing improvement. Many thousands of people participated, and it received intensive attention in the papers and on radio and television. Most households, therefore, know of MHP. However, this type of national-level information is heavily oriented towards public relations, and no attempt has been made, up to now, to use the mass communications media to explain the elements of the Programme to the public in detail. Preliminary plans exist, however, to develop a radio and television campaign to do this.

The first substantial understanding of what the Programme is about is often provided by the politician of the area during one of his public addresses. In slum and shanty areas, selected to be included in the Programme, NHDA project staff and officials from the ULA will have introductory meetings with the community (see chapter IV), and general information material about the project will be distributed. Information is provided about the loan scheme, the steps involved in upgrading an area and the use and maintenance of common amenities. Most of this initial information is presented in posters which are displayed at key points in the area. Interesting material has been produced by the information unit of UHSP and is available for all project staff.

2. Communication support during project implementation

Once the project is under way, individualized information is provided to the participating households in a variety of ways ranging from the holding of individual meetings with one or more households to the provision of written material. Communication support may have several purposes:

(a) To educate participants in the logic of certain implementation procedures;

(b) To train people in practical construction or project-related skills;

(c) To provide information on relevant issues;

(d) To facilitate the process of negotiation between NHDA and the individual households in reaching agreements;

(e) To motivate the people to participate fully in specific components of the Programme.

Communication support is provided through the CDC of the area or directly through the NHDA or NGO project staff. In the implementation stage, communication support concentrates on such issues as land regularization, construction of individual toilets, kitchens and stoves, loan-application procedures and house design and construction.

(a) Land regularization

In small project areas, project managers discuss the main issues of land regularization and the procedures for relocation and house improvement directly with small groups of residents who have to collaborate in blocking-out their part of the site and in scheduling demolitions and new construction. Oral communication works well in small sites, and problems can be addressed and solved immediately.^{4/}

In large project areas, such as Wanathamulla, written material is used in combination with community briefings. Simple flyers are distributed to each household, explaining the concept of and need for regularization of the area and the procedures for relocation and for allocation of plots. When regularization starts in a block of the area, flyers with the blocking-out plan of that particular area are distributed to individual households in that block, again explaining regularization procedures. When blocking-out is done together with the population (see chapter IV), different communication support methods are used, and CDC members often go around

explaining what will happen and what is expected of the individual households. Videofilms are sometimes used to show initiatives and experiences in other project areas to residents of an upgrading site.

(b) House construction

Support with loan application, house design and house construction is provided on an individual basis, mostly in one-to-one meetings between households and the technical officer. In order to receive a loan, a household must fill out a comprehensive loan-application form which asks for the proposed design of the house and a detailed cost specification of all materials needed for its construction. Most people need the assistance of the housing officer to fill out the form, but, in Wanathamulla, to assist the technical officer in this task, some CDC members have been trained to help households complete the form. In some project areas, households can choose from a number of type-plans, which may or may not include price specifications. Once the form is filled out and processed, it is kept at the site office or district office for future reference and verification. In selected sites, written information is distributed about the construction and maintenance of toilets and the construction of efficient kitchens and stoves. In project sites where construction has started, the builder-households can seek information and advice from the technical officer at the site office of the area.

Project monitoring has shown that, on the large sites, it is difficult for one technical officer to provide assistance in the construction process. Also, a household's ability to deal with the upgrading and relocation process is not improved using the above procedure of support provision. The household is left without any document to refer to when house construction begins and negotiations with craftsmen have to be conducted. To solve that problem, some project managers on small sites have copied loan-application forms for households.

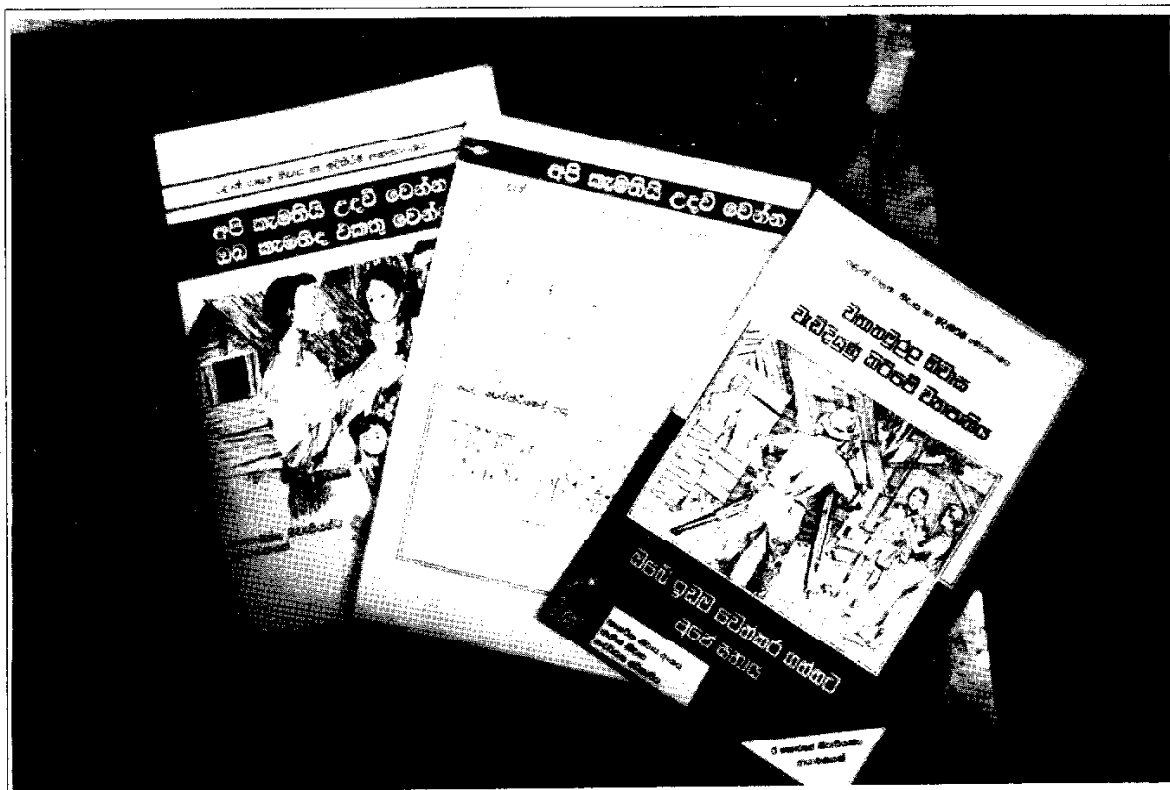
Early monitoring studies (Pathirana, 1985) of educational material provided on the regularization procedures showed that there was a clear preference for

^{4/} Personal communication with project managers of Fife Road and Gothami Road project areas and of small sites-and-services projects in some ULA areas.

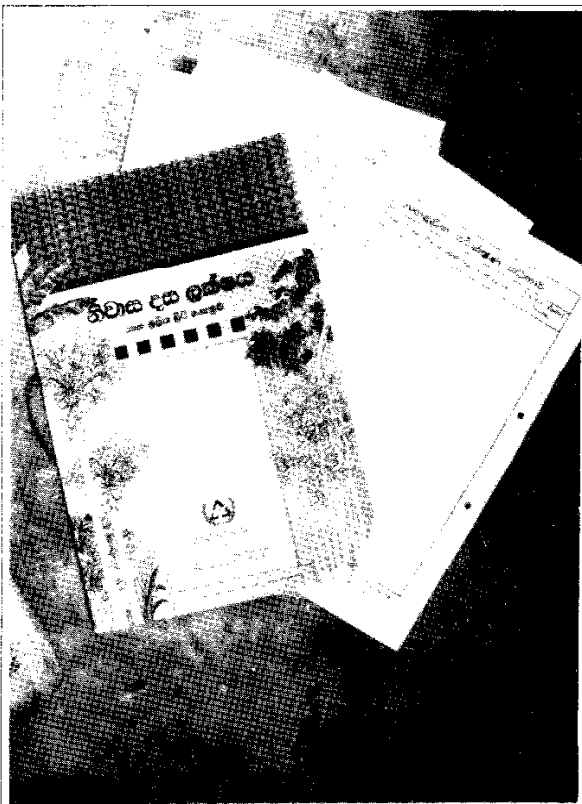
written information material over information disseminated through posters, videofilms, radio or newspapers. Households can refer back to this information time and again, and share it and discuss it with other households. Nearly all households have at least one literate member, so simple written material, with clarifying illustrations, can be used effectively. Based on experience, NHDA is developing a **Housing Information Service**, which is intended to provide effective information to the individual households.

One of the first areas which NHDA is trying to address under the general umbrella of the Housing Information Service is the change in procedures for loan application.

Under this new support system, all information concerning the building process will remain with the individual household, and the forms used for the design, the cost estimate and the actual loan disbursement and expenditure accounting will provide information to the household as well as train the head of household in design, costing and record-keeping. This will make it easy for households to make their own decisions on the types of material they want to use and on the standards and design of the house. It will assist households in planning expenditure on the different parts of the house and in understanding in advance the need for additional financing and the need to make trade-offs between quality of the different parts of the structure and space.



Information material on regularization



Household file

Each household will be provided with a cardboard file and a plastic bag for storage of the file. In this file, each household will keep all information concerning the building of its house. The file will include the following basic information:

- (a) General information about the programme;
- (b) Building guidelines with which the households have to comply (these building guidelines will be formulated during partnership workshops with NHDA and the community, and they will specify such issues as plot use, location of the building on the plot, house design, types of services, construction materials, incremental building options and other matters brought up during these workshops);

(c) Forms to draw up a plan of the house and forms for cost estimates (NHDA has developed a set of simple forms for the house design and the cost estimates of the main parts of the building - foundations, walls, floor, roof, doors, windows, finishes - but the design of the house will be done by the household itself, in collaboration with the field staff, and will be based on the building guidelines for the area and the space requirements and financial constraints of the household).

A summary form will be kept by NHDA as a record of agreement for loan approval.

This household-oriented design method will give considerable decision-making power to individual households and will assist households in dealing with materials suppliers and builders. It is a relatively inexpensive way of providing communication support, as each file, with basic forms, will only cost about Rs 10 (\$0.35). This household file was distributed to all ULAs at the beginning of 1987 and is planned for use on a national level. The method and the forms will be evaluated and adjusted continuously. So far, however, little experience exists with the household file and, in none of the sites included in the evaluation, had the file been distributed.

This method will, of course, not dispense with technical staff members; they will still be required to assist in filling out housing estimates for each individual household in a settlement. Therefore, the second area to be developed under the Housing Information Service will be the training tools needed to assist field staff and community members in filling out individual house estimates. Price and quantity guides for building materials and other training material will be developed in the near future.

D. The house-building process

1. Getting a loan

The Housing Option Loan Programme provides for a maximum loan of Rs.15,000 for new houses and Rs 8,000 for upgrading in the Colombo area. Elsewhere,

maximum loan amounts are set by HCDC and differ from one ULA to another. In general, the goal is to issue loans to all households in a project area, but this does not eliminate the need for screening loan applicants. In most settlements, loan amounts vary somewhat, according to a household's assessed ability to repay; it is also possible that households which are not considered creditworthy may be denied a loan. In practice, however, this rarely occurs; efforts are made to provide at least a small amount to every household desiring a loan. When applicants fail to comply with eligibility requirements, the rules are often circumvented in some way. For example, when the head of household is older than 55, the stipulated age limit for receiving loans, the land title is commonly granted to a young household member in whose name the loan can be issued.

The first step in the loan procedure is familiarizing the households with the Programme and the obligations of participants. As described above, this is mostly done by NHDA officers, during meetings with the community or individual discussions with applicants. In sites with functioning CDCs, council members often assist in explaining the Programme and answering questions. In addition, posters showing monthly payments for various loan amounts are displayed. Indications from the survey are that NHDA has been successful in communicating information about the loan programme.

Residents of project areas generally have been eager to take out loans and begin construction. Occasionally, however, NHDA has had trouble persuading people to participate. Some people have been fearful that the loan procedures will be complicated and bureaucratic; others have been cautious about assuming responsibility for repayment. In Maligakanda, the Project Officer had to overcome initial reservations by visiting households individually and convincing them of the scheme's simplicity. Many households rely on astrological considerations in making important decisions, and, in at least one instance, a community believed that the proposed period for taking out loans was an inauspicious time to begin construction ventures. Project staff members have to find ways to motivate people to participate.

NHDA considers completion of the loan forms to be the responsibility of participating households, and attempts are made to simplify the application process as

much as possible. When loans were first issued under UHSP, the procedures were simply transferred from RHSP. The forms were complicated and difficult for households to complete: moreover, each application required the approval of a large number of signatories within NHDA, and this caused considerable delay. In the interests of expediting the process, NHDA has prepared new, simplified forms requiring just one official signature - that of the senior manager.

Still, applying for loans can sometimes be a burdensome task for project participants, and many require assistance. Despite high literacy rates, there are those who have trouble reading the forms: this is especially true in areas where many people are unable to read Sinhala. In an effort to reduce the workload of the field officers, NHDA has trained CDC members in some settlements to assist in completing applications.

As part of the process, all applicants except those with governmental jobs, must have their income certified by the the divisional government administrator. In at least one project area - Marikkarwatte, in Moratuwa - this has given rise to some problems. Most households there receive public assistance in the form of food stamps, and, to qualify for this welfare programme, household income must be less than Rs 700 (\$26) per month. Many people in Marikkarwatte were afraid that, if they had their income certified, it would be appraised at more than Rs 700 and, consequently, they would lose their food stamps. At a meeting of community leaders and NHDA officials, it was decided that those households which did not want income certification would be permitted to take out loans of Rs 8,000 (\$296) for new construction: to qualify for a larger loan than this, applicants would have to get their income certified. Apart from the maximum income requirement of Rs 1,200 (\$44) per month, the relation between income level and size of loan is flexible. Different household circumstances are taken into consideration to assess the repayment capacity, such as number of children in the household and support from other relatives not in the household. The maximum loan of Rs 15,000, with an amortization period of 15 years at a fixed 10 per cent interest rate, requires a monthly repayment of Rs 161 (\$6) which is 13.5 per cent of the maximum income allowed under the programme.

Another condition for loan eligibility is the ability to provide a guarantee for repayment. Theoretically, a guarantee can be provided either by some property

worth at least Rs 10,000 (\$370) or by two personal guarantors - permanently employed persons earning at least Rs 750 per month and willing to share liability for repayment. Because not many households have property as security, personal guarantors are encouraged. Finding suitable guarantors has presented some problems for participating households, since many households within one area have only one another as potential guarantors, while most are acquiring loans themselves. The guarantor system is being reconsidered but, because it is not feasible for the Government to repossess the property in case of default, the guarantor system provides, at the moment, the only security on the loans.

After a loan is approved, the money is disbursed to the borrower in instalments - one for the foundation, another for the walls, a third for the roof and a fourth for doors, windows and finishes. The amounts given at each stage are decided by HCDCs and vary from one ULA to another. To qualify for instalments, the borrower must complete each building stage. Thus, the instalment for the walls is contingent upon completing the foundation, the instalment for the roof is contingent upon completing the walls, and so on. Getting an NHDA officer to inspect the work and approve the next instalment takes some time, and borrowers must often interrupt their construction temporarily to await new loan money. Complaints about the issuing of loans in instalments and about delays between instalments were the most frequent responses to the survey question on difficulties in obtaining loans.

One problem with the instalment procedure is that it can increase costs by compelling borrowers to buy small quantities of materials several times rather than make a single bulk purchase at a reduced price. Frequently, participants complain that having to wait for instalments makes it difficult for them to retain paid labourers. During delays between instalments, hired labourers often leave to find work somewhere else. Then, when the money finally arrives, the borrower is forced to search for new workers before he can continue building. This problem could be resolved by some planning on the part of the households and by NHDA officers approving the next instalment in sufficient time to avoid a delay. NHDA could try to speed up the bureaucratic procedures and must make sure that borrowers are fully aware of the instalment arrangements. The use of education support for the housebuilder in planning

and budgeting for house construction has been mentioned above.

Repayment of the loan is officially required to begin the month after the first instalment is disbursed. For most households, this has proved to be difficult, since they are still in the middle of the building process, and all financial resources are used for the construction. In Colombo, repayments are made to the NHDA district office: at a fixed day and time of the month, the NHDA loan officer visits the site, mostly at the weekend, so that household members are at home. In small ULA areas, participants have to go to the "special officer" of the Government Agent's office, who is responsible for loan collections. The loan officer gets a percentage (mostly 5 per cent) of the amount which is repaid, as a bonus payment, in the hope that this will motivate him/her to try to collect the loans. Repayment of urban loans is very unsatisfactory, however, and, although it is steadily improving, only 13 per cent of the total outstanding repayment amount was paid up to October 1986. However, the amounts received each month, excluding the backlog in repayments, are now between 50 and 60 per cent of the amounts due for each month.

2. Designing the houses

In keeping with the goals of UHSP, NHDA is trying to give participating households as much freedom as possible in the design of new houses. For that reason, the use of type-plans is discouraged. Designs are most commonly drawn up by housing officers or by a hired craftsman in discussion with the households. It is usual for officers to suggest designs and allow families to make modifications as desired. Layouts vary considerably, but typical houses contain two bedrooms, a kitchen and either a living room or a verandah.

Tailoring designs to individual needs is most critical in dense settlements with small plots. Case studies from Navagampura suggest that large families are intent on maximizing floor space to the extent allowed by building standards. Guidelines state that spaces between houses must be widened when the walls have windows, but some households are willing to forgo light and ventilation in order to gain a few extra square feet of living space. Small households can build small houses and use the money saved to add windows and other finishes to

improve the appearance. Other criteria in house design include social relationships: for example, neighbouring families that do not get along might position their doors so that they face away from each other.

Of course, one overriding consideration in house design is cost: as much as possible, NHDA field officers

try to advise people on how to keep expenses to a minimum. One way is to share walls with neighbours: this was encouraged in the first sites-and-services projects- Navagampura and Stace Road - but, to a certain extent, it was resisted by the participants who feared that noise from adjoining houses would infringe on their privacy. Some actually insisted on building their own



Half finished houses



Project staff assisting in filling out forms and housing layouts

wall when they could easily have shared their neighbour's. If they do not receive proper guidance, households may be tempted to design houses that are larger and more elaborate than they can afford. In Bandaranayakepura, where much building activity was going on at the same time, the field staff was unable to provide thorough consultation to all households, and consequently a large number of people embarked on overly ambitious building projects which they could not afford to finish. There and in other project areas, half-completed houses are standing empty, because their owners are unable to complete them up to the point where they can serve as adequate shelters.

This sort of problem might be avoided if a household has a clear understanding of the cost of its proposed house. Cost estimates or "bills of quantity", containing lists of materials and labour inputs and their prices, must be completed as a condition for receiving a loan, but, in some cases, households have filled out the form by themselves and have not had enough information to come up with proper estimates. The house-building survey illustrates the consequences of this situation: of 45 respondents who received no professional help in filling out the cost estimate or who did not fill out a cost estimate at all, 32 (71 per cent) listed "money problems" as a reason for not finishing their houses, but, in contrast, out of the 23 households who did receive professional help in preparing the cost estimate (from a housing officer or a hired builder), only six (26 per cent) mentioned "money problems." This implies that a good cost estimate can increase the likelihood that a household will be able to complete its house without seriously straining its budget. Another indication is the fact that, in a site (Arayama Place) where simple house-plans were made available by the project manager for households to choose from, the average building costs per house were reduced, not only for materials but also for labour. Other factors, such as an active role of the CDC in the acquisition of materials, may have contributed to this situation.

NHDA, recognizing the importance of adequate cost estimates, is now including the "house estimate" as part of each "householder file" issued to participants before they begin construction. As mentioned earlier, the expectation is that participants will keep the estimates in their possession, become familiar with them and use

them as budgeting tools during the construction process. In some small ULA areas, where one NHDA officer is responsible for several sites in different towns, type-plans are used in order to avoid these problems.

3. Getting materials

The materials used in new house construction are fairly uniform across the various project areas. NHDA, while stressing the importance of low-cost construction, nevertheless encourages households to use permanent rather than semi-permanent materials. Walls are usually constructed of clay bricks, although households occasionally use indigenous mud bricks: foundations are almost always of rubble: floors are finished with sand-cement mortar: roofs are of asbestos sheets, corrugated steel sheets or, occasionally, tile: doors and windows are typically of wood: walls, if they are finished, are plastered with sand-cement mortar. Materials account for most of the cost of building a house (about 80 per cent). The average cost of materials for 33 completed houses surveyed was about Rs 30,500 (\$1,130): this compares to an average total cost of about Rs 37,400 (\$1,385).

The responsibility for acquiring materials rests with the households. Given the scale of UHSP and NHDA's limited staff, it is impractical for the Government to make arrangements for the purchase of materials in every settlement. NHDA officers offer advice and, sometimes, assist by searching for good prices, but, for the most part, households must rely on their own initiative. In doing so, they encounter a variety of problems but are usually fairly successful in overcoming them.

The difficulty in obtaining materials depends in part on the number and quality of suppliers in the area. Even when there are suppliers nearby, however, the increased demand created by a housing project can deplete local stocks and force some people to get materials from distant sellers. The result may be high prices due to increased transport costs. Sometimes suppliers come into project areas and take orders for materials: this is convenient but it puts households at the mercy of merchants who may not be entirely reliable. In Stace Road, delays in the delivery of materials forced some residents to postpone construction. Households must also be on guard not to be cheated by sellers: some of

the suppliers serving Stace Road took advantage of naive customers by selling them more materials than needed.

Price hikes due to increased demand have been a problem for some communities. In Bandaranayakepura, prices of materials rose shortly after construction started. Before long, however, prices dropped again as outside suppliers began undercutting the local sellers.

Motivated participants can often find ways to obtain materials at especially low prices. For some, it has paid to patronize inexpensive suppliers in distant locations and hire transport (a truck or an oxcart) to carry materials to the site. One man in Marikkarwatte discovered that squat pans for toilets could be bought cheaply in bulk and organized a group of households to pool their money and purchase them together. Since material costs are such a high percentage of total construction costs, significant savings can be made by locating low-priced materials rather than by providing self-help labour.

Theft presents problems in most project areas and necessitates careful guarding of materials. Some of the Stace Road households were resettled from elsewhere in Colombo, and many continued to live off-site while building. Some decided to erect temporary structures, allowing them to sleep on their plots and watch over their store of materials: others, who did not, lost substantial amounts of money, owing to stolen bricks and bags of cement.

One way NHDA can facilitate the acquisition of materials is to make sure that adequate access roads are in place before house construction begins. In several projects where roads were not available, people complained that materials had to be carried by hand from the main road, which resulted in additional time and increased labour costs.

4. Organizing the labour

Consistent with its emphasis on "Maximum involvement of the builder-families," NHDA encourages households to participate directly in the construction of houses and to contribute as much labour as possible. However, few households include experienced masons

or carpenters, and most find it necessary to hire skilled labourers for at least part of the work. Of the 94 households surveyed, only two had built or were building their houses completely on a self-help basis, while 22 used a combination of paid labour and household labour. A majority (54 or 57 per cent) had their houses built either by paid day labourers or by contractors. The average labour cost for completed houses was Rs 6,866 (\$254) which was about 20 per cent of the total construction costs.

There are different ways to hire labour for construction of a house. Some of the surveyed households (12 per cent) hired labour on a contract basis, paying a previously negotiated price for the work rather than paying on a daily basis. Those who want to avoid getting deeply engaged in the building process may find it tempting to turn the construction over to a contractor who assumes responsibility for the labour and, in some cases, the acquisition of materials. NHDA discourages this practice, because, on several occasions, contractors have charged high prices or left with the money while the job was not finished. For instance, one man in the Stace Road project paid Rs 14,000 in labour fees to a contractor who did unsatisfactory work and then left without completing the windows and finishes.

It is most common for households to pay for labour on a daily-wage basis. Close to 70 per cent of the surveyed households constructed their houses with the help of paid day labourers, mostly skilled masons or carpenters known as *baasunnahes*. Of those who hired skilled day labourers, a majority also hired unskilled day labourers who usually acted as helpers for the *baasun*. In the Colombo area, the normal rate for *baasunnahes* is Rs 100 per day, while unskilled helpers earn about Rs 50 per day: builders sometimes hike their rates a bit by requiring meals in addition to wages. Because of problems in receiving loan instalments on time, as discussed above, it is common for households to hire one set of workers for the foundation, another for the walls, a third for the roof and so on. Although it was difficult for households to estimate the amount of work involved in house construction, the median value appeared to be about 30 to 40 man-days of skilled labour.

From in-depth interviews with project participants, it is clear that a key determinant of satisfaction with the work is familiarity with the employed workers: those

who have hired *baasunnahes* from the same settlement tend to be pleased with their performance. Local *baasunnahes* often agree to work for reduced wages or put in extra hours of work each day; they might also help the household find materials at good prices. However, even when a settlement includes a number of carpenters and masons, not all households are able to benefit. Because of heavy demand, some are forced to hire



Self-help house building

baasunnahes from outside the community and often end up paying high prices for unsatisfactory work. At times, households find themselves competing with one another on the wages they are willing to pay for the few available *baasunnahes*: in Navagampura, some local builders, taking advantage of high demand for their services, agreed to construct four or five houses at the same time and consequently did not attend properly to any of the work.

Only in about a quarter of households did members of the household and their family and friends assist in the building process directly. Unemployed adults, employed adults working in the evenings and children can assist by carrying materials, getting water, mixing cement and performing other unskilled tasks. The number of households who assist in the labour, however, seems to be substantially larger in urban areas outside Colombo than in the Colombo metropolitan area.

Although one of the main reasons for encouraging self-help labour is to lower construction costs, data do not support the contention that households save money by contributing labour. In fact, the households that used self-help labour on average spent more on their houses than those who did not.^{5/}

5. Obtaining supplementary sources of money for construction

The average NHDA loan for the households surveyed was about Rs 13,000 (\$480), including both new-construction and upgrading loans. For new construction, the average loan was close to Rs 15,000 (\$555) in the

^{5/} For households that contributed labour, the mean cost of labour was Rs 8,183, and the mean total cost was Rs 33,300; for those that did not contribute labour, the mean cost of labour was Rs 4,791, and the mean total cost Rs 28,107. Because these differences are not statistically significant, they do not imply that this relationship would hold for a sample of all households participating in the UHSP. However, it is surprising that there was no indication of cost savings due to self-help. It is possible that, because of some extraneous factor, such as higher income, households who contribute self-help labour also have higher building costs than others. However, the data failed to show a significant association between self-help labour and income, nor were there significant relationships between self-help labour and other possible intervening variables, such as size of household, number of household members employed, age of household head or employment of household head. Perhaps, the explanation is simply that households who contribute self-help labour tend to be highly committed to improving their houses and are, therefore, willing to spend extra money on them.

Colombo sites, while an average loan amount of Rs 10,800 (\$400) was provided to the semi-urban area in Moratuwa. Upgrading loans in the inner-city area of Maligakanda averaged Rs 7,333 (\$270).

The mean cost of building a new house, with windows, doors, floors and finishes, was approximately Rs 37,500 (\$1,390). When the unfinished houses are included, the mean total cost of building was approximately Rs 30,000 (\$1,100). Thus, the households who have finished building raised, on average, about Rs 22,500^{6/} (\$833) from other sources to pay for house construction. However, differences in costs of houses between different sites-and-services areas are significant. For example, in Aramaya Place, the median cost of a finished house was Rs 20,650, while this figure was Rs 34,000 in Navagampura and Rs 30,000 in Bandaranayakapura. In the slum upgrading project of Maligakanda, the average cost of upgrading a house was Rs 11,750 (\$435), and an average amount of Rs 4,400 (\$165) had to be raised by participating households. These figures suggest that NHDA loans pay for only about 40 per cent of the average cost of building a new house in a low-income settlement and about 60 per cent of upgrading costs. It is up to participating households to raise the balance.

One obvious source of money for housebuilding is household income. For the 28 households in the survey that responded to the question on earnings,^{7/} the median income was Rs 1,285 (\$48) per month: the majority earned between Rs 1,000 and Rs 1,700 per month (\$37 and \$63). As expected, there was some correlation between monthly income and total cost of the house, and households with highest incomes spent most on their houses.

There are other sources of money that households were able to tap, which may be even more important

^{6/} Based on a Rs 15,000 loan, since the majority of finished houses were on Colombo sites where households received maximum loan amounts.

^{7/} Given the low response rate on income, it is possible that those who gave income information are not a representative subset of the sample. However, the respondents who reported income did not differ significantly from the others in type of employment of the head of household. The income information is included in this report with the caveat that it may be somewhat biased owing to the self-selection of respondents.

than income. Two thirds of the surveyed households took out additional loans; one third of the households even had two or more loans. The most frequent sources of loans (used by half the households) were pawnbrokers who accept jewellery or other personal possessions as security for the loans they issue. Friends or relatives were another common source of loans and a desirable one, since the money was often lent free of interest. A sizable number of households resorted to *mudalalis* or middlemen who are engaged in short-term lending and tend to charge relatively high interest rates (often 10 to 20 per cent per month). Employers sometimes offer loans at reasonable interest rates, but this source was not available to many of the respondents, since only 30 per cent of the heads of household had regular full-time or part-time employment. It is worth noting that none of the surveyed households received loans from formal lending institutions (see table 1). Heads of household often did not want to reveal the amounts borrowed from these different sources, but it seemed that the largest amounts were borrowed from relatives and friends (an average of approximately Rs 10,000 or \$370) and pawnbrokers (approximately Rs 9,000 or \$333).

Another significant source of funds is "West Asian money", i.e., earnings from temporary labour in West Asian countries. It is common for poor Sri Lankans to work for a year or two in West Asia, where they can earn wages which are high by local standards: the migrants are usually women who find employment as domestic servants. The proportion of households that benefit from temporary work abroad is rather small, but the role "West Asian money" plays in low-income communities is readily apparent to any visitor. The few houses that are larger or more elaborate than the others almost invariably belong to households who have a member who has worked or is working in West Asia. The 14 households in the survey with "West Asian money" had paid an average of Rs 39,140 (\$1,450) for their houses at the time of the survey; the average for other households was Rs 28,280 (\$1,050).

Households who had not finished their house would frequently indicate that the wife or daughter might return or go to the West Asia to earn the money still needed to finish the house.

The fact that many households take out other loans, in addition to the one issued by NHDA, raises questions

Table 1 Supplementary sources of money for house building ^{a/}

Source	Households ^{b/}	
	Number	Percentage
Sent/saved from West Asia ^{c/}	14	14.9
Saved/other sources	23	24.5
Pawning ^{d/}	48	51.1
Employer loan	6	6.4
Borrowed/ <i>mudalali</i> ^{c/}	31	33.0
Borrowed/friend,relative	37	39.4

Notes:

^{a/} From a survey of 94 households in Navagampura, Stace Road, Aramaya Place, Bandaranayakepura, Marikkarwatte and Maligakanda.

^{b/} Number and percentage of households (94 = 100 per cent). Because the categories are not mutually exclusive, the percentages do not total to 100.

^{c/} Money saved from temporary labour in a West Asian country or sent by household members currently working in West Asia.

^{d/} Giving jewellery or other personal possessions as security for a loan.

^{c/} A *mudalali* is a middleman, often involved in short-term lending.

as to which loans are considered most important to repay. Survey respondents indicated that they regard loans from pawnbrokers and from friends and relatives as most important. A much smaller proportion of households with additional loans were up-to-date in their payments to NHDA than of households without extra loans.

E. Case studies of selected households

Some of the main problems encountered by participating households as well as the creative ways in which they solved them, are illustrated below in some descriptions of experiences of selected households in relocation projects in Colombo.

I. Mrs. Raja (Aramaya Place)

Mrs. Raja, a 47-year-old woman, lives with her three daughters (aged 15 to 21) and her son (aged 12) on the plot where she was raised. Her old house had wooden

walls, a thatch roof and clay floors. There was not enough room, and the thatch constantly needed replacing. Because toilets were not available, household members had to relieve themselves in the bush.

Mr. Raja died years ago, when the children were still small. He, too, was a native of the Aramaya Place squatter settlement. For a living, he raised vegetables on a nearby plot of land. Mrs. Raja is now the only wage-earner in the household and she earns Rs 50 per day as a cook.

When the NHDA project officer came to the site and told people about the housing programme, Mrs. Raja was sceptical. She had heard news of a housing scheme eight years earlier, and nothing had ever come of it, so she expected to be disappointed once again. She was finally convinced that the Programme was real, when NHDA called a community meeting which was attended by the local Member of Parliament. The Programme called for the relocation of the old shanty settlement to an adjacent sites-and- services project.

Mrs. Raja had her income certified by the Grama Sevaka and was allowed to take out a Rs 15,000 loan. She is able to meet her monthly payments of Rs 161 because she has a steady income.

The Housing Officer presented the family with two alternate designs for the house, and they chose one of them without revising it. Some other families tailored the house design to their own preferences, but the Rajas did not. Nevertheless, they are satisfied with the layout of the house which has a living room, two bedrooms and a kitchen.

The Rajas hired a mason (*baasunnahe*) for Rs 100 per day and an unskilled labourer for Rs 50 per day. Mrs. Raja's daughter and a neighbour assisted in the construction work each day, and others joined in when they could. The building process took about one month, but there were interruptions between loan instalments. Other households, using their own money, were able to complete their houses in two weeks, but the Rajas took longer than that because they had to wait for instalments.

Because the access road into the site had not yet been built, material had to be carried by hand from the main road. The Rajas made their own arrangements for purchasing materials, and their only problem was the high price of sand (rainy weather had driven up the price.)

Since the loan amount was insufficient to pay for the construction of the house, Mrs. Raja had to seek additional funds to finish the work. She managed to get a loan of Rs 7,000 at 20 per cent interest from her employer.

2. Mr. Kumara (Stace Road)

Mr. Kumara, his wife and his family of six children originally came from Nugegoda, about 10 miles from Colombo. After being evicted by their landlord they moved to Colombo and settled at Lotus Road, a squatter area near the city centre. They lived there for 14 years in a two-room shanty with timber walls and a "tin" roof. They had no latrines, no water and poor drainage, and Mr. Kumara complained that there were many criminals in the area.

Nevertheless, the site was convenient for him, since he sold fruit on sidewalks near the city's main bus station which was nearby. The police have now banned vendors in that area, but Mr. Kumara continues selling fruit "on the sly," earning Rs 25 to 30 a day. His 16-year-old son also earns some money - about Rs 20 to 25 a day - by selling lottery tickets in the same area. Their new house at Stace Road is farther away from downtown, so they must now pay a modest bus fare to commute to work.

A government officer approached Mr. Kumara, while he was still living at Lotus Road, and informed him that his family would have to move because the railway was reclaiming the land. He willingly agreed to relocate, since he was told he would be granted his own plot of land. The family received a grant of Rs 5,000 as compensation for being forced to move, and a loan of Rs 8,000 brought the total to Rs. 13,000. He would have preferred a loan of Rs.10,000, but the NHDA officer told him that his income was too low to qualify for that amount.

While still living at Lotus Road, Mr. Kumara hired a contractor for Rs 14,000 to begin construction of the new house. The contractor supplied all the labour and arranged for the acquisition of materials which Mr. Kumara paid for separately. He worked intermittently for about five months and, in the end, failed to complete the construction, leaving the house without windows or finishes. The house remains unfinished, and Mr. Kumara estimates that he will have to raise another Rs 5,000 to complete the work.

3. Mr. Pathnasiri (Bandaranayakepura)

Mr. Pathnasiri's household includes his four-year-old son and his wife who was working abroad at the time of the interview. Formerly, Mr. Pathnasiri lived with his mother in another house in Bandaranayakepura. After getting married, he and his wife purchased a shanty which stood at the present location, using money his wife had raised while working in West Asia. Without knowing about the planned housing project, they tore down the old structure and began building a new one. When an NHDA officer came to the site and announced the housing programme, the Pathnasiris halted

construction and did not resume until they could take out a loan. Up to that point they had spent Rs 3,000 and had completed the foundations and the columns: they saved money by using indigenous unbaked bricks rather than baked clay bricks. The labour was supplied by two masons who worked for Rs 100 per day: Mr. Pathnasiri assisted in the work, and his brother and two or three friends also helped in the evenings. In return, Mr. Pathnasiri helped them when they were building their own houses.

Mr. Pathnasiri is a tailor earning about Rs 1,000 a month. That amount, together with his wife's savings, qualified them for a loan of Rs 15,000. After they received the loan it was necessary to hire a new mason, since the others had left when the first phase of construction was stopped. The new mason was paid at the same rate, but his work was unsatisfactory since he dalled in order to get extra money.

The finished house has a living room, one bedroom and kitchen. Walls are completely of unbaked bricks, and the facade is finished with tiles. The total cost was about Rs 18,500. In addition to the Rs 3,000 spent before receiving the loan, the Pathnasiris had to raise an additional Rs 3,000 by pawning jewellery (they had used some of the loan money for other purposes). The wife has now returned to West Asia in order to earn money that will help them pay off their debts.

4. Mr. Nona (Navagampura) ^{8/}

Mr. Nona, his wife and their two children lived in the Baseline Road shanty area in the eastern part of Colombo. Mr. Nona grew up there, but his wife had originally come from Pettiyagoda, a rural town. Mr. Nona operated a small boutique (store) in the shanty area, from which he earned a profit of about Rs 70 per day. His wife supplemented their income with Rs 200 to Rs 300 a month, which she earned by sewing.

The demolition of the Baseline Road shanties meant the loss of Mr. Nona's income, since his place of business was destroyed along with the houses. His wife also was without work; she had pawned her sewing machine to help make ends meet. In the time between the old

house being demolished and the new house built, Mr. Nona worked as a casual labourer and, during this period, the family had to depend largely on its savings. Since completing the house in Navagampura, Mr. Nona has opened up a new boutique: sales are good, since the house is adjacent to a main road.

As was the case with all other Navagampura residents, Mr. Nona received a loan of Rs 15,000 (\$555). He complained that receiving the loan in four instalments cost him extra money, since the masons had to be paid for the time they spent awaiting the money to buy materials. Also, it made it impossible to buy materials in bulk.

Little assistance in construction was offered by NHDA, and Mr. Nona, who had never had any previous experience in building a house, did not know how to estimate construction costs. Consequently, he laid out his foundation to cover his entire two-perch plot, and the resulting house was larger than he could afford with a loan of Rs 15,000. Two additional loans, amounting to Rs 5,000, had to be taken out from pawnbrokers who accepted jewellery as security. The total construction cost was Rs 18,000, and the house remains uncompleted, lacking doors, cement floors and plaster finishes. To raise money for finishing the house and for paying off their debts, Mrs. Nona is considering temporary work in West Asia.

5. Mr. Bebi (Navagampura)

Mr. Bebi, his wife and their adult retarded son had lived in the Baseline Road squatter settlement for 17 years. Before that time, they were tenants in a small house, but they disliked having to pay rent each month, so they decided to buy a shanty at Baseline Road. The area flooded frequently, there were no toilet facilities, and their thatched roof was often in disrepair. They earned Rs 40-50 a day by selling prepared foods (hoppers) and other provisions. Mr. Bebi earned some additional money repairing motor vehicles. When they began construction in Navagampura, they shifted their residence to a temporary structure at the site, where they continued to earn money by selling hoppers, rice and curry to others who were building their houses.

^{8/} Navagampura case studies are from Monica Ruwanpathirana, Case Study of Navagamgoda Housing Scheme (Colombo, The National Housing Development Authority, 1985).

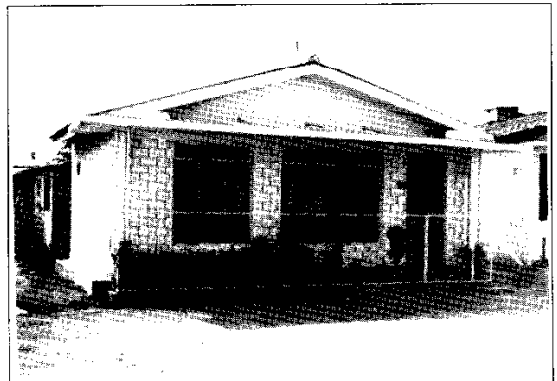
The Bebis were given a loan of Rs 15,000. When they received the first instalment of Rs 2,000, they had no idea how to begin the building process. Unaware of the building guidelines, they used the money to purchase wooden planks and iron sheets for the roof and quickly erected a structure of those materials. Soon, however, government officers informed them that they would have to tear down the house and construct again, this time using bricks and cement. Finding materials at reasonable prices proved to be difficult, and at first they were cheated by sellers. Later, a security guard working at the site told them where they could find cheap materials. The Bebis hired a mason on a contract basis: after he finished working, neighbours pointed out that the construction job was of poor quality.

Construction costs totalled Rs 18,000, including the Rs 2,000 wasted on the wooden structure. More costs will have to be incurred in the future, since the kitchen and the windows remain unfinished. To supplement the NHDA loan, Mr. Bebi borrowed Rs 3,000 from his sister whom he feels compelled to repay as soon as possible. He says that paying off the debts will be difficult, since they are unable to make much money selling food.

F. Areas for further exploration

It is clear that, given support in critical but basic areas, such as land provision and access to finance, individual house-builders can and will build houses according to their own preferences and priorities. With only a small NHDA loan, households are willing to make considerable financial sacrifices to build a permanent house in which they take pride. In many cases, however, this means that the household overextends itself financially and, therefore, goes into debt. This can place an undue strain on the household, while, at the same time, jeopardizing the repayment of NHDA loans and, thus, threatening the long-term extension of the Programme.

It is clear, from the case studies and surveys of the participating households, that many of these problems can be eliminated. Sri Lanka has very flexible minimum building standards. It is possible to build a basic structure in Colombo with a rubble foundation, brick walls, coconut roof rafters and asbestos roofing sheets or tile roof for about Rs 100 (\$3.70) per square foot, including labour (November 1986 prices). There are many ways



Finished houses at various sites

in which people could save on the construction costs. As yet, these have not been fully explored or incorporated in the support approach. For instance, incremental building procedures could alleviate financial pressure in the early construction years. Although these are difficult to apply on the small 50 sq m plots in Colombo, they are quite feasible on the large plots which are common outside Colombo. The use of temporary materials in selected components of the house could be stimulated without lowering the standards of the house.

In addition to cutting down on costs of material, savings can be made by improving the efficiency of the building process. Assistance with the hiring and control of labourers, control of the work delivered by craftsmen, organization of labour pools in an area or of building

groups of community households and pooling of households for bulk-buying of materials are just a few areas where strong support might pay off. However, such support cannot be expected to be provided by the technical field staff. This is partly due to the present shortage of staff, but, even more importantly, because this could easily lead to dependency instead of self-reliance. Training and education of builder- households in these issues is important, and, as has been mentioned above, new methods to strengthen the understanding and the role of the individual builder are being developed.

Equally important is the role of the community in assisting the household in the building process, and effectiveness in this respect can be much enhanced by well-conceived community support inputs. Emphasis on community support to individual builders would facilitate the building process and, at the same time, foster community relations. Only by enhancing the responsibilities of urban communities will it be possible to reach the intended targets and create a strong community movement which will continuously work to improve the living environment for its members.

IV. PROGRAMME IMPLEMENTATION AT THE COMMUNITY LEVEL

A. The urban communities as the focus of UHS

Although the NHDA housing programme is, in essence, an individual loan programme, the principal unit for implementation in urban areas is the settlement rather than the individual household. Slum and shanty-settlement upgrading and sites-and- services schemes encompass a variety of initiatives - for instance, land development, regularization, infrastructure construction - that are most efficiently accomplished through an approach which treats a low-income community as a whole. Because the problems of housing are related to sanitation, health, education and employment problems, it makes sense to regard a housing project as part of an integrated community-development process. Limited resources and the large scope of the Programme clearly prevent NHDA from addressing all the needs of distressed low-income communities. However, since popular participation and devolution of decision-making authority are key objectives of the Government's strategy, the concerns of NHDA must extend beyond physical improvement to include such issues as:

(a) Providing information and establishing communication links between the community and the Government;

(b) Organizing the community and setting up a system of community representation;

(c) Providing training and education to build up the capacity of the community to carry out the tasks for which it has to take responsibility.

The purpose of this chapter is to describe the functioning of UHSP at the community level, with emphasis on how communities are organized, how they participate in decision-making and - implementation, and how community efforts can be supported by training and information.

B. The type and structure of communities

The settlements in which the Programme is being implemented constitute, in many respects, true communities in that their members are bound together by a variety of social relationships. The Wanathamulla squatter settlement, for example, has existed for some 40 years. Most of its residents have been at the site for a long time and are tied to their neighbours by bonds of

kinship and friendship. Throughout Colombo, "Wanathamulla people" have a distinct identity, and this contributes to a sense of communal solidarity. Similar things could be said of other shanty areas that are being upgraded. Even in sites-and-services projects, families often identify strongly with their neighbours since many have been relocated from the same shanty areas.

This is not to imply, however, that the communities can be treated as homogeneous social units, sharing common interests and goals. Indeed, settlements are often internally diverse and divided by political, ethnic or socio-economic cleavages which complicate efforts at community organizing and community decision-making. Moreover, the organizations around which many of these different loyalties tend to coalesce (particularly political organizations) are constantly changing their membership and influence, very often as a result of the project itself. Internal divisions in a community are, therefore, not stable and change continuously. Another complicating factor in community participation is the fact that, in many settlements, there are poverty or low-caste groups among the population, who will not participate in community activities, while often the project efforts need to be directed particularly to these most deprived groups.

To a great extent, the success of a project hinges on the degree to which households in the settlement are able to organize themselves and co-operate as a community. Devolution as a pragmatic strategy is based on the premise that communities can reduce the Government's role by assuming a substantial proportion of the workload and responsibility for decision-making and implementation. NHDA's approach depends on community assistance in disseminating information, expressing preferences, offering advice, resolving disputes, maintaining common facilities and carrying out new initiatives. All this presupposes considerable organizational capacity on the part of communities. If such capacities are simply taken for granted, the strategy risks failure.

C. The Community Development Council (CDC)

The process of community-organizing varies widely from one settlement to the next. Most communities have

recognized leaders of some sort, even before outside agencies intervene to create formal councils. Such leaders can be assets or liabilities. If their authority derives from the respect they enjoy within the community, they will likely become the core of an effective and legitimate CDC. Often, however, the influence of informal leaders stems from their affiliations with powerful factions, inside as well as outside the community. Community people may resent their leadership but support them nevertheless, because they feel there is no alternative leadership because they have grown used to the traditional leadership structure or because they hope to share favours these leaders are able to extract from their patrons. If such leaders gain control of a newly formed CDC, the organization may not be able to represent the concerns of the community as a whole nor be effective in mobilizing community co-operation. Thus, the establishment of CDCs is not as simple as superimposing a formal structure on an existing informal organization. Democratic election procedures, including secret voting, may be fruitfully introduced in some problem settlements, while, in others, CDCs can only gradually be introduced, because existing distrust prevents immediate organization. Education and information activities can play a powerful role in guiding a community to a representative system of community organization.

The following accounts of experiences in two settlements illustrate the range of issues that must be confronted in forming community organizations. Since it is only in Colombo that experience with CDCs exists over some period of time, all examples have been taken from Colombo settlements.

1. Maligakanda Inner-city Improvement Settlement

Before the slum-upgrading project in Maligakanda was initiated, there were several informal leaders who acted as organizers for political parties. Project work began in 1983, with community meetings and an enumeration survey. Since there was no CDC at the time, the field staff members used the informal leaders as their main points of contact with the community. Later, in 1984, CDCs were established, with the assistance of the CMC health warden in each of the five block areas. Officers were chosen through open elections, and

the party organizers gained control of the councils, even though they lacked broad-based community support. The CDCs were weak from the start and within a few months they had ceased to function entirely. The leaders were unwilling to allow the allocation of new infill plots to the most needy households in the community, namely, the shanty dwellers and households occupying undesirable living quarters. Instead, they insisted on allocating the plots to households which would be selected by them. Similar problems arose about the location of services, when some leaders wanted the services constructed close to their houses.

NHDA, recognizing that their own staff lacked the time, the experience and the mandate necessary for reorganizing CDCs, decided to enlist the help of Redd Barna, an NGO with expertise in community development. After some initial community meetings, the Redd Barna representative proceeded without consulting the political party organizers. Meetings with people in the five block-areas made it clear to her that the community was unhappy with the existing leaders. In June, she organized an election in one of the blocks, this time with secret ballots, and the result was a new set of officers not as closely allied with the various political parties. Other blocks later followed suit, and, as of November 1986, all but one of the CDCs had been reorganized.

Meanwhile, the political organizers were taking steps to thwart the reorganization. They complained to the local Member of Parliament, but, realizing that an effective CDC was necessary for successful project implementation, he refused to interfere. The old leaders also began trying to convince community people that it was foolish to forsake their political connections in favour of an outside NGO which was only in the neighbourhood temporarily. Nevertheless, as the political organizers were losing support, Redd Barna was gaining confidence. Several events helped secure people's trust. One was a sports meet for youth organized by the Redd Barna representative; another was a *shramadana* (communal labour effort) for ground-clearing in the settlement's sites-and-services area. The political leaders attended but simply watched; while the NGO representative worked along with the others, and that was appreciated.

With the new leadership, the community is confident that the newly-established CDCs will be able to function

effectively. Plans are under way to create a central council that will link together the five block CDCs.

2. Wanathamulla Shanty Improvement Area ^{9/}

In May 1982, when the UDA/SSD began its work in Wanathamulla, no formal community organizations were in place, and the agency did not initially attempt to create CDCs. Later that year, USSCF commenced a programme in Wanathamulla at UDA's request. The intention was to establish community organizations as part of a large community development agenda that would include health, employment and leadership training as well as income-generating activities. USSCF started by establishing a "sponsorship programme," an arrangement whereby funds received from overseas donors go to children in the form of gifts and cash assistance and to a general account to pay for community projects. The initial relationship between the two agencies, however, was not free of difficulties. The NGO became frustrated with the perceived slow progress of the housing programme, while UDA felt that the NGO was asserting itself as the main implementer of the project. To resolve these differences, it was agreed that the NGO would confine its work to three of the nine block areas, leaving the rest for the governmental agency. In time, the two parties recognized the inadequacy of this solution and agreed once again to co-operate. The organizations now have a clear understanding of each other's role, and the relationship is proceeding amicably.

The USSCF representatives began organizing CDCs in the three blocks where they had been concentrating their work and then gradually spread out to the other areas. At first, the election procedures were rather unstructured: a general meeting was called, nominations were informally solicited, and candidates were selected by a show of hands. Since some of the new CDCs were dominated by members of one of the political parties, there were charges of political interference in the elections. Community people were wary of political conflicts and they resented the idea that local politicians

were pressuring to have their favourites appointed as CDC leaders. Consequently, USSCF realized that formalized election rules were necessary, to avoid outside intervention and to ensure genuine representation. Under current procedures, efforts are made to guarantee that only persons over the age of 18 from registered households in the relevant block can vote. Nominations are made by two designated persons from the area and submitted in writing prior to the election. All elections are by secret ballot.

At present, each of the nine blocks has its own functioning CDC, and there is also a central CDC composed of representatives of the blocks. It is generally acknowledged that the councils are relatively free of outside interference. They actively contribute to the housing programme in such areas as information dissemination, loan assessment, blocking out and dispute resolution.

D. The role of NGOs in organizing the community

The examples above suggest that the establishment of effective community organizations in low-income urban neighbourhoods demands careful oversight by committed and sensitive community-development workers. Questions have been raised by observers, both inside and outside NHDA as to whether that Agency is in a position to provide the guidance necessary for building strong CDCs. Where obstacles to community organizing have arisen and NHDA has acted alone, the efforts were often not very successful. In Wanathamulla and Maligakanda, co-operation with NGOs has made it possible to surmount some formidable problems. However, few NGOs exist which are able to fulfil this task of community organizing in upgrading or sites-and-services projects, and only a small proportion of projects in UHSP will, therefore, benefit from NGO assistance in this area.

Representatives of several NGOs, including Redd Barna and USSCF among others, believe that NGOs are better suited to the task of community organizing than NHDA for several reasons:

^{9/} Vajira Pathirana, *Participation in Development Councils in Urban Low-income Settlements; Case Study of Wanathamulla Shanty Settlement* (Colombo, NHDA, 1986). Also personal communications with Mr. Siripala, Housing Officer at Wanathamulla.

(a) NHDA lacks staff members with adequate skills in community organizing and community development. At the inception of the Demonstration Project, the plan was to have community development officers working with the housing and technical officers in each project area but, as the Programme was expanded, this was found to be impractical. The field staff is mainly composed of people with backgrounds in such disciplines as town planning, estate management and various construction and engineering skills, and few have experience in community development.

(b) Even if field officers have the appropriate skills, their workload discourages them from devoting much time to the challenges of community organizing. The situation is worst outside the Colombo area, where projects are not directly administered by NHDA, and skilled manpower is in short supply.

(c) There is the feeling that pressures within NHDA itself keep project officers from paying much attention to community development. Despite the fact that the Programme emphasises the community approach, the main goal, particularly in the initial years of the Programme, is to get large numbers of houses built within a limited period of time. Working with and organizing a community is often a time-consuming process, and, without outside assistance, project staff will often give priority to speedy implementation rather than to community involvement. NGO professionals are not subject to the same kinds of pressures and are, therefore, able to emphasize long-term, sustainable development rather than short-term goal attainment.

(d) Lastly, government officials are often in an unfavourable position to challenge political, cultural and economic power structures in a community, although NGOs are the first to admit that they are not entirely impervious to such interferences. For those reasons, it is generally acknowledged that the ideal arrangement is a collaboration, in which an NGO assumes responsibility for community organization and development, while NHDA concentrates on land regularization, infrastructure improvement, loan provision and the house-building process, and provides general communication-support inputs and an overall planning method which fosters participation. Such collaboration between NGOs and the Government does not come automatically. An important ingredient in the success



Collaboration in community organizations



Women at a Community Development council meeting

of such arrangements is basic agreement on the overall goals of the collaboration and the division of tasks necessary for achieving those goals. The two parties must also be willing to invest the time of personnel in cultivating the relationship; there should be frequent interchange to allow for open communication and mutual trust. At present, USSCF and Redd Barna attest to having good working relationships with NHDA, and, in both cases, the Government and the NGO have agreed to perform complementary, non-overlapping roles.

E. Functions of the CDCs

The CDCs fulfil several crucial functions. They provide the channel through which communication with governmental and non-governmental agencies takes place, they provide the forum through which the community can take decisions on the housing programme and other activities, and they provide a basis for the organization of direct community participation in the implementation of different programme components.

1. CDCs and communication with NHDA

A principal function of CDCs is to co-ordinate communication between NHDA and the community. A strong CDC can greatly reduce the workload of field officers, simply by helping them disseminate information. This is crucial in a settlement the size of Wanathamulla, where it is practically impossible for a field staff of three or four people to keep in contact with all 1,300 households. There and in other sites where the system functions well, news conveyed to the central council quickly reaches the block CDCs which in turn spread it to the individual households.

CDCs can also take on an active role in conveying information about the housing programme. Council members often help in explaining loan procedures and in answering questions, thereby reducing the workload of housing officers. In Wanathamulla, CDC members are available to assist people in filling out loan applications.

Besides communicating messages from the housing authority or the NGO to the households, CDCs serve to

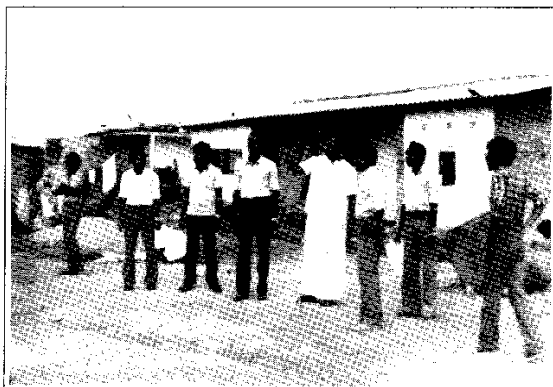
channel information in the opposite direction. In general, CDC meetings offer a forum for people to air their concerns and bring problems to the attention of NHDA. They also bring out opinions about new activities which the community wants to begin and, therefore, function in expanding the development process. The Demonstration Project workshops and other community-based information-collection procedures are now increasingly used by CDC and NHDA officers to obtain feedback from communities on specific topics. In Wanathamulla, for example, NHDA organized a partnership workshop to evaluate the adequacy of the newly constructed infrastructure and the common amenities in one block. They also recruited CDC members, to administer a small sample survey dealing with the same issues, and compared the outcomes of the two methods of finding information. On the basis of this feedback information, NHDA adjusted its infrastructure plans for the area. Another example is the health-monitoring system introduced by USSCF in Wanathamulla and other shanty areas in which it works. Special CDC members are recruited to check on the health and immunization situation of each household in their area and report problems back to the NGO's officials who can take action if necessary. The method of such socially shared inquiry clearly serves more than only feedback purposes and has a community educational component.

If CDCs members are expected to inform and give advice to community residents on the housing programme and to provide feedback information to NHDA and NGOs, they obviously need to be familiar with existing procedures and with reliable ways of collecting and providing information. CDCs have, therefore, been the main focus of the NHDA and NGO workshops and training activities. In several communities, CDC members have gone through a leadership-training programme, sponsored jointly by UNCHS (Habitat), the Danish International Development Agency (DANIDA) and NHDA. They have received skill training in topics such as loan-application procedures and monitoring methods for project activities. Recently, NHDA has introduced simple printing equipment for use by CDC members, so that they can create their own information material for their community.

2. CDCs in decision-making

The functions of CDCs are not limited to communication. The express policy of NHDA is to delegate as many decisions as possible to "the community" which, in effect, usually means the CDC. Some notable areas in which CDCs have been active in the decision-making process are:

- (a) The initial planning of upgrading projects;
- (b) The formulation of building guidelines;
- (c) The assessment of loan affordability by community residents;
- (d) The adoption of regularization and plot allocation procedures.



Community and NHDA officers form action work groups

The procedures which have been developed for CDC participation in decision-making aim at creating a partnership situation between NHDA and the NGO on one hand and the community on the other, in order to reach joint decisions. The focus is on interaction, and the purpose is as much educational as consensus-making and decision-reaching for both the community and NHDA.

(a) Decision-making in project planning

Under the United Nations Children's Fund "Environmental Health" project, an initiative was recently taken to involve communities in early decision-making on upgrading efforts, through the organization of micro-level planning workshops. The workshops are attended by ULA and NHDA planners, NGO officers and community representatives, and these workshops have been conducted in several small upgrading areas. The dual purpose is to provide planners with a quick and effective assessment of community needs and priorities in the area of health, nutrition, environmental sanitation and basic services provision. At the same time, action plans can be developed, in collaboration with the community, to specify what steps need to be taken for the implementation of the most urgent improvements. Such plans will also include the actors and their responsibilities for each activity and the type of technical and professional support needed.

Procedures are revised continuously, in order to articulate community needs, as opposed to needs of individual households, and to refine different options for improvement, so that the opportunities and limitations of each option are clarified. Although no formal evaluation of these micro level planning workshops has been made yet, the workshop method, as it has developed, appears to work well. However, trainers involved in the development of the workshop procedures have pointed out that obstacles occur in the implementation of the action plans and that these need to be resolved before the method can be used on a wide scale. Examples are:

- (a) Action plans were prepared when planners were not confident that basic problems such as land acquisition, could be solved within the time-frame set out in the action plan; this gave rise to long delays which stifled community enthusiasm;

(b) Neither NHDA nor other governmental agencies were able to provide adequate supervision of community upgrading activities in several of the areas in which these workshops had been conducted;

(c) There was a lack of overall community participation in the implementation of action plans. This may have had several causes. The community at large is not included in the workshops, and only at the end of the session is the public called in to be informed of the decisions. The reception of the plans by the community will, therefore, depend on its relationship with the CDC and on how closely the plans reflect general community needs.

Apart from through micro-level planning workshops, communities are involved in plan development in less participatory ways. Meetings to assess community needs are held in most settlements before plans are finalized; however, the final decisions are made by the planners. This is still the most common method for the development of plans.

(b) Formulation of building guidelines

The second area in which extensive collaboration in decision-making is developed is the formulation of building guidelines for project areas. As has been mentioned in chapter II, the general planning and building regulations for urban areas cannot easily be applied in low-income housing settlements, and special minimum standards have to be approved by UDA and the local authority. Special minimum planning standards have been worked out for the Colombo Municipality, and standards for plot sizes, infrastructure and services are considerably lower than the normal regulations. Options for housebuilding are limited on a small plot, yet houses have to fulfil some safety and health standards in order to be approved officially, and some basic building regulations are, therefore, needed. Also, houses have to be built in such a way that they offer only minimal disturbance to neighbouring houses and provide for common amenities and infrastructure. Building guidelines are, therefore, needed to guarantee appropriate house development in dense urban neighbourhoods.

In line with the philosophy of maximizing people's involvement in the housebuilding process, UHD is

developing workshop methods to involve the community in the preparation of building guidelines for their own areas. CDC leaders, selected household heads, NHDA officers and workshop leaders participate in a half-day workshop, and, during this workshop, the need for building guidelines is explained. Then, through a step-by-step method, with the participants working in small groups, a list of problems in housebuilding is compiled in relation to the built environment and the well-being and health of the occupants. These are then translated into rules and regulations for house construction, and ways are discussed of enforcing these regulations in the community. The finalized building regulations are then distributed to the whole community.

The purpose of these workshops is to set building standards through a dialogue with the community and, in so doing, increase the motivation of the community to follow the guidelines and put community pressure behind their enforcement. Since the planners are participating in the process, the guidelines do not differ dramatically from one community to another. This is important, since enforcement of these guidelines will have to be done by local authorities who will need some generalizable regulations across the different low-income housing areas.

(c) Assessment of loan affordability and trustworthiness

The third area in which community decision-making has become important is the assessment of qualification criteria for loans. Loan assessment is of limited importance in some settlements, such as Wanathamulla and Navagampura, where nearly all applicants are given the amount requested, up to Rs 15,000. Elsewhere, loan amounts are decided on the basis of, first, what the household can afford and, secondly, whether the applicant is trustworthy. Affordability is determined according to a set of standard guidelines matching income levels with maximum monthly repayment rates. To demonstrate their earnings, households must have their income certified by the Grama Sevaka, an officer of the Government Agent's Office. In case it is difficult for the household to prove their income or their access to other sources of money, the CDC is asked for advice. However, it is particularly in assessing trustworthiness that

CDC members are consulted. CDC officers participate in loan-assessment committees, along with the project manager and a representative of the NHDA district office. They offer recommendations for each applicant based on their appraisal of his or her character, honesty and creditworthiness. In general, the affordability guidelines are not rigidly followed; they are often relaxed somewhat for applicants receiving good recommendations. Final decisions are signed by the CDC representatives as well as by NHDA staff members.

(d) Regularization and plot allocation disputes

Lastly, CDCs may be involved in resolving disputes or handling grievances on plot allocations. For example, in one block of Wanathamulla, a committee, consisting of CDC members and NHDA officers, has been formed to process appeals regarding plot allocation. Problems handled so far by this committee include:^{10/}

(a) Whether a plot should be issued to the owner or to the tenants who have lived there since the enumeration survey (Decision: The plot should be issued to the tenants);

(b) Whether to issue a plot to a family which had purchased a plot from the owner within the past year (Decision: The new occupants should be issued a plot);

(c) Whether a fruit tree on a newly-allocated plot belongs to the allottees or to the man who planted the tree (Decision: The tree should be shared);

(d) Whether a plot should be reserved for the children of a man who had abandoned them (Decision: The plot should be reserved);

(e) Whether a deed should be issued to a wife who had been abandoned by her husband who was registered as head of the household (Decision: The wife should be issued a deed);

(f) Whether the owner of an unauthorized store should be granted a plot (Decision: The owner should not be granted a plot);

(g) Whether extra space for wood storage should be allocated to a man who sells firewood for a living (Decision: The man should be allocated some extra space adjacent to his plot).

Although the involvement of the community in all of the above areas of decision-making does not depend on the existence of a CDC, in reality it has proved difficult to deal with the community as a whole in these matters, without the intermediary function of community organizations.

3. The role of CDCs in implementation and maintenance

As discussed in the previous chapter, the principal aspect of project implementation - house-building - is managed by individual households, with assistance from NHDA and the local CDC. Other components of the physical improvement process, namely, provision of infrastructure and land regularization, originally were considered the responsibility of the governmental agency. Recently, community people have also begun participating in these areas of implementation. CDCs are directly involved in the management of community infrastructure projects.

Community participation in regularization does not necessarily require the assistance of CDCs. It is often done directly with a small group of affected households. However, as in other initiatives, CDC co-operation facilitates communication with the community and organization of the activities. Community participation in infrastructure construction and land regularization are treated separately below, including the role of the CDC in those activities.

The maintenance of common facilities is mostly organized directly by groups of user-households. When most of the households in a CDC's area use the same services and facilities, the CDC may get involved in the organization of cleaning and maintenance activities, and, in some areas, the CDC collects money in order to hire a cleaner for communal facilities. The CDC may set up a cleaning schedule for participating households and will carry out small repairs. The CDCs are also the

^{10/} O. V. R. Pathirana, Potential Problems and Possible Solutions in the Process of Plot Allocation: Case Study of the Wanathamulla Shanty Settlement (Colombo, NHDA, 1986).

main organizers of shramadana activities, during which community members jointly undertake a cleaning or construction task in the settlement. They announce the shramadana and organize the work and the provision of food.

It is clear, from the above descriptions of the role of CDCs in communication, training of the community, decision-making and organization of the community's participation in the implementation process, that the existence of well- functioning CDCs is critical not only for the implementation of UHSP but for the continued expansion of development activities in urban communities. Even though the organization of urban low-income communities is by no means an easy task, the results appear well worth the investment of time.

F. Community participation in land regularization

One of the most important requirements for upgrading squatter settlements is regularizing the land - demarcation of road reserves, reservations for common amenities and plot boundaries, so that property titles can be issued to individual households. Legalization gives squatter residents security of tenure and, thus, encourages them to invest time and money in improving



Community shramadana (self-help) maintenance

their houses. Also, it produces deeds that can serve as collateral for housing loans. Given the fact that squatter structures are normally scattered haphazardly over a site, often crowded together and abutting one another, blocking out separate plots of comparable size, while leaving space for infrastructure and minimizing relocation is a task of considerable complexity. The development of efficient methods for regularizing shanty settlements has been a challenge facing NHDA.

K. A. Jayaratne has recorded the experience in regularization at Wanathamulla, where several different strategies were tested. In 1984, when regularization began in the first block, the governmental planners and surveyors were viewed as having responsibility for formulating guidelines, devising the site map and demarcating the plots. The affected households and members of the CDC were also involved, but as consultants rather than decision-makers or implementers. Briefly, the procedure was as follows:

(a) Agency planners drew up the first draft of a regularization plan, based on principles that had previously been formulated in consultation with the CDCs. The guidelines called for minimal dislocation of existing houses, preservation of permanent structures and socially valued public areas, and plot sizes of between 38 and 50 square metres;

(b) Staff members negotiated with families who would be dislocated or otherwise adversely affected by the proposed layout;

(c) Based on the resulting modifications, the planners drew up a second draft of the regularization plan;

(d) The new draft was presented to the community in a general meeting of all the affected households. Some of the households slated for relocation objected, and they were requested to submit grievances in writing, so they could be considered;

(e) The staff prepared a third regularization plan, including the final allotment list and maps for blocking out the plots;

(f) The area was blocked-out by a surveyor in accordance with the final plan. Allottees were shown their plot boundaries after the markers had been set.

This approach was excessively time-consuming. The process of negotiating with community members and persuading them to accept the plan took nearly a year. Moreover, in casting the staff members as designers and the community people as consultants, the procedure did not effectively incorporate the preferences of the affected households. Consequently, the site was often laid out in a fairly regular grid pattern which did not minimize dislocations.

Changes in this approach were adopted as a result of pressure from people in other parts of Wanathamulla, who were eager to have their sections regularized, and pressure from policy-makers interested in expediting implementation, since the project had become part of the large-scale UHSP of NHDA. The Agency decided to experiment with a new "action-planning" approach in another block in the area. Rather than its preparing a detailed regularization plan prior to blocking out the site, the plot boundaries were marked first on site, and only later was the plan drawn up. Staff members met with households and negotiated such issues as how adjoining houses would be split up, which houses would face the main road, which areas were to be preserved, where toilets and water taps would be placed, and so forth.

Then dimensions of the plots were determined on the spot, and the boundary pegs were set. Thus, grievances could be addressed and, in many cases, resolved, as soon as they arose.

The process proved to be much quicker and more efficient than the previous method. The initial blocking-out was completed in one month, and, in another three months, the final survey was done and mapped out, and the allotment list had been prepared. One disadvantage was that people objected to the area's irregular layout, with twisted footpaths, widely varying plot sizes and wasted space.

When the next area was to be regularized, it was decided that some prior guidelines should be provided in the form of a conceptual layout, formulated by the planners in co-operation with the CDC. Following this rough plan, staff members met with small groups of families and negotiated the dimensions of plots. Community members assisted with the measurement of plots and put in the boundary stones. Surveyors later mapped out the precise boundaries.

It has become standard practice to use "action-planning" in regularizing settlements. In Five Road, a small squatter area in the southern part of Colombo, with virtually the entire neighbourhood looking on, community people and NHDA staff determined plot boundaries with tape measures and immediately set in stone pegs as markers. The entire site of 120 plots was covered in two weekends. No professional surveyors were present; they were supposed to come and produce a formal map only after all the plots had been marked in a collaborative effort by community members and NHDA staff.

G. Community construction activities

When the Demonstration Project began, little experience existed with community construction of infrastructure and common amenities in low-income housing areas. As experience accumulated, it became evident that communities were able and, in many cases, eager to play leading roles in public construction projects. Often, the settlements included unemployed construction workers who resented work being given to outside contractors, while others felt that their own neighbours would do better jobs than outsiders. Moreover, the construction of a well in Bandaranayakepura demonstrated that satisfactory work could be accomplished using paid and unpaid community labour. At the same time, NHDA managers were becoming impatient with the poor quality of jobs done by private contractors and the complicated tender procedures necessary to hire them.

The impetus for developing community construction procedures came from Wanathamulla, where CDC members, who were dissatisfied with a well built by outside contractors, proposed that the next one be designed and built by the community. NHDA was receptive to the idea and, with technical assistance provided as part of the Demonstration Project, it organized a partnership workshop with the community to work out procedures for community construction. As an outcome of the workshop, a manual was prepared, to be used for training the community and for clarifying procedures.^{11/}

^{11/} Manual for the Construction of Amenities by Communities of Low-Income Urban Settlements (NHDA/UNCHS (Habitat), 1986).

1. Community construction guidelines

According to its guidelines, the CDC is treated much like an outside contractor. The procedures are described below.

(a) The CDC, along with NHDA and possibly a co-operating NGO, identifies the needed amenity, its location and its mode of construction;

(b) NHDA decides whether the CDC is capable of carrying out the project on its own. If it is, NHDA contracts directly with the CDC; otherwise, an NGO may be used as an intermediary between the CDC and NHDA;

(c) The CDC establishes a construction committee, composed of two CDC officers and two other community members, preferably with experience in construction. The committee may include an NHDA technical officer and an officer from the Purchasing Department to act as advisers;

(d) The CDC signs a contract with NHDA to undertake the work according to specified plans. Alternatively, an NGO may sign the contract and negotiate its own agreement with the CDC;

(e) The CDC establishes a community fund by opening a bank account for which representatives of the CDC, NHDA and, possibly, an NGO are signatories;

(f) On the basis of proposals submitted by the CDC, NHDA prepares plans, bills of quantities and lists of building materials and labour requirements. Cost estimates provide for 15 per cent "contingencies" or overhead.

(g) NHDA transfers an initial payment to the community fund. The amount may be 15 per cent of the total costs, Rs 5,000 or an amount sufficient to complete one phase of the project. Alternatively, the CDC may initiate the project with its own reserves and later receive reimbursement from NHDA;

(h) The CDC recruits skilled and unskilled labourers from the community and pays them at its own discretion. Payments exceeding the estimated labour costs require NHDA approval;

(i) The construction committee purchases the necessary materials and ensures their safe storage. Purchases exceeding initial estimates require NHDA approval;

(j) The construction committee is responsible for work supervision and quality control;

(k) Members of the construction committee are personally responsible for lost funds or materials. In case of unsatisfactory performance, NHDA may refrain from providing any further funds or infrastructure to the area until the work is improved or completed; or it may resort to legal action against the CDC;

(l) The CDC can utilize surplus funds as it wishes. Preferably, they will be used to improve the community's living conditions.

These guidelines were developed over several months, between mid-1985 and early 1986. Several community construction projects were initiated before the procedures were finalized, so there was some variation from site to site.

2. Advantages and disadvantages

Community construction is usually economical for NHDA. While contracts with outside construction firms provide for a 30-per cent overhead, the standard overhead for community construction is just 15 per cent. In addition, there is often a contribution of free labour. However, in those instances where expenses have been more than expected (the Wanathamulla well and the drains in Navagampura), NHDA has ended by covering the extra costs. These cost over-runs, however, have not been extravagant. For example, in Wanathamulla, the estimated cost of the well was Rs 28,000, and the actual cost was Rs 31,000. This difference, part of which was due to the use of higher quality materials than originally specified, is about equal to the extra overhead that would have been paid if outside contractors had been used.



Community construction

In some cases, namely the Polwatte projects, NHDA received much more than it paid for. If the community is sufficiently motivated to contribute large amounts of free labour, find low prices for materials and raise additional funds, the savings for the Government will be substantial. However, Polwatte is an exceptional community, and it is unlikely that the experiences there will be repeated on many other sites. Elsewhere, skilled labourers and, sometimes, unskilled labourers as well will expect to be paid for their work. Since paid community construction work can provide valuable added income for the community, it has other benefits.

Community construction may create some hidden costs for NIIDA in the form of added staff time. Past experience has made it clear that technical or housing officers should regularly check the records, review the finances and inspect the construction site. In Wanathamulla, in November 1986, one technical officer was spending most of his time supervising the ongoing drain construction activities. Thus, community construction may not be feasible, unless field staff members are able to spend considerable time on site. The limitation of field staff places constraints on NHDA stimulating community participation on a large scale.

For people in Wanathmulla and Polwatte, where community construction projects have been successful, the benefits clearly outweigh the costs, and both communities are eager to undertake further projects. Residents believe the quality of work is higher than that produced by private contractors, and they are proud of contributions made to the community fund. In Wanathamulla, where the labourers are getting paid, they are grateful for the employment opportunities and the additional income. The additions to the community fund will make the community financially less dependent on the Government. Community construction has also offered some residents the chance to use and refine skills they learned through USSCF's vocational training programme. Community construction thus offers rare opportunities to enhance the capabilities of the community and to foster self-reliance.

H. Training for community action

This chapter has shown the importance of training and education in building up the capacity of communities to carry out tasks and become self-reliant. In only a very short period, several community training techniques have been developed and integrated with the regular project development process. At the outset of the Demonstration Project, few community training and participatory methods were used, and these were mostly limited to meetings with the community to explain projects.

As it happened, at about the same time as the Demonstration Project started, a global community training programme was initiated by DANIDA and UNCHS (Habitat), with the specific purpose of developing participatory methods at the field level to enhance the involvement of communities in settlement programmes. UHSP in Sri Lanka seemed to be an ideal environment for this type of programme, so it was agreed that the DANIDA/UNCHS (Habitat) training programme would provide assistance for the community participation component of the Demonstration Project.

A variety of different community-based training methods were initiated, tested and refined. Initial workshops were organized for SSD/UHSP and NGO officials, in order to familiarize them with the potential as well as the limitations of participatory approaches. At the second level, leadership workshops were organized for community leaders to transform the ways in which they saw their role vis-à-vis the communities they represented. During the past few years, the emphasis has been on the development of field level training methods, particularly partnership workshops. Community members, NGO staff and governmental officers participate in this type of workshop as equal members. Both community members and planners act as resource persons, depending on the topic on which information is needed, and trainers act as facilitators at such workshops. Partnership workshops are organized for various reasons and at different stages in the project cycle, e.g., to reach consensus on the design of specific project components or building standards, to collect particular information for monitoring purposes or to develop community participatory procedures, such as the community construction guidelines. The workshop procedures facilitate a mixture of training and decision-making outcomes.

Present areas of exploration are the improvement of written information at the community level, by introduction of simple printing techniques and equipment to be used by project staff and community organizations. These methods will be introduced to ULAs to facilitate the transition to a community-based planning process.

V. DECENTRALIZED PROGRAMME IMPLEMENTATION AND MANAGEMENT

A. Decentralization and the Million Houses Programme

The Government has several specific reasons for making decentralization and devolution of decision-making the core of its housing programme. First, programme scale cannot be reached without the active involvement of local authorities and communities. There are 51 ULAs alone, and, in order to implement the programme on a national scale, the municipal and urban councils, in collaboration with other urban local institutions, have to play an active role in the Programme. Secondly, it is difficult for a central government agency to understand the needs and priorities of people at the local level, and it is not in a position to engage the communities and households in the integrated process of improving their living environment. The third reason for pursuing a decentralized approach to implementation of MHP is to promote and activate local-level planning and decision-making capacities. One of the main goals of the present Government is to develop a decentralized governmental structure. Sri Lanka's population is made up of a variety of ethnic and religious groups, and, although the different groups live intermingled in most of the country, there are some areas predominantly occupied by specific minorities. Over the past three decades, several attempts have been made to develop a decentralized governmental structure that would allow local autonomy in development administration; however, no political consensus could be reached on various decentralization proposals. The present Government has introduced a decentralized administrative structure which allows for specific legislative, developmental and executive powers to be vested at the district level, with advice and assistance from local-level committees, called Gramodaya Mandala. These efforts at decentralization and devolution of decision-making are considered important, in the face of the country's current ethnic crisis.

It has, however, proved difficult to promote local-level participation and devolution of decision-making powers to local communities, even though provisions were made for the introduction of broad-based village-level organizations to assist the district councils with their development functions. This is particularly true in urban areas, where no institutional structures existed to facilitate local-level participation. These problems have their origin in the fact that, historically, true participation by the people has not been stimulated; on the contrary, the governmental bureaucracy has developed a rather paternalistic relationship towards the people.

B. Decentralized implementation procedures

In chapter II, a brief overview was given of the different steps in programme implementation. In this section, some of the main implementation procedures, of relevance to the decentralized programme approach at the ULA level, will be discussed. These are: the formulation of standards; the acquisition of land and issuing of land tenure; beneficiary selection and provision of loans; and the provision of services.

1. The formulation of standards

The standards applicable to physical planning and building are derived from the various town planning ordinances of ULAs. Since the initiation of UDA in 1978, UDA Development Regulations, which delegate the formulation of special standards to ULAs, have been introduced. Under these provisions, a relaxed set of building and planning regulations can be formulated for special project areas which include slum and labour-line improvement projects, shanty upgrading projects and low-income sites-and-services projects. These standards may vary from one ULA to another, while still adhering to a set of basic principles laid down in the Development Regulations. Special project areas have to be declared by the Chairman of UDA, but the regulations are formulated by the technical section of the ULA, according to the special needs of the occupants and to the physical characteristics of each area. HCDC discusses the regulations and approves them.

Other central government agencies can also be called upon to relax their standards, for instance, regarding canal reservations and the development of low-lying areas, or the development of settlements within coastal zones. The National Water Supply and Drainage Board has to approve deviations from regulations regarding water-infrastructure provision.

The Municipality of Colombo has used these UDA Development Regulations for its low-income housing areas and a set of relaxed planning standards is applied there. So far, none of the other ULAs has applied the UDA Development Regulations, and low-income housing projects are designed to comply with the regular ordinances and bye-laws. One departure from regular standards is in required plot sizes; under the regular

bye-laws, the minimum size of an urban residential plot has to be 6 perches (150 sq m), while the Colombo Special Project Areas allow for 2 perches (approximately 50 sq m) or even less.

In Colombo, relaxed standards are also used for the filling of low-lying areas. Land-filling expenses often constitute a large proportion of the overall development costs of a project, and substantial savings can be made if filling standards are slightly relaxed. Central government agencies have to approve these relaxations, and it is essential to prepare a careful estimate of increased risks of flooding. Occasionally, approval is given for the relaxation of canal-reservation standards.

Thus, while ULAs have authority to make their own decisions concerning standards, this authority is as yet little used. ULAs outside Colombo would benefit from clear information about the application of the Development Regulations and the potential for relaxed planning standards, particularly since scarcity of land and the funding of land development and services provision are the main problems in most urban areas. The new procedure of placing a UDA officer with each ULA will assist local technical staff with these issues.

There is, however, one caveat concerning the relaxation of planning and building standards. A ULA can relax the building standards for specific low-income project areas, and there are no standard requirements set to qualify for an NHDA loan. Therefore, there are no obstacles to allowing relaxed building standards in special project areas. However, a separate approval of the ULA is necessary to receive an assessment number for the properties, so that they can be officially registered and taxed. This has implications for the delivery of services, the continued enforcement of building regulations, the approval of mortgages etc. In most urban areas, the ULA will only approve properties which comply with the official minimum standards. Most houses in special project areas are, therefore, not part of the formal housing system of the city, even though the city has approved the general planning and building standards used there. NHDA is trying to work out an arrangement on building standards and property-assessment requirements with CMC.

There is a need to standardize the different levels of planning and building regulations for different types

of projects and to incorporate them in the official ULA regulations. Continuous research is conducted in building and planning standards by NHDA, with assistance from the UNCHS (Habitat) Demonstration Project, the National Building Research Organisation of the Ministry and the Water and Engineering for Developing Countries Centre, in order to formulate clear guidelines. Water-supply and sanitation systems, infrastructure provision and other services need to be evaluated, both in terms of their direct costs and recurrent maintenance costs and of their use by and satisfaction for the users. This is equally important for house-building standards. The need for clear guidelines and officially approved regulations is urgent, in the face of the large-scale implementation of UHSP in all ULA areas.

2. Land

Although, under MHP, land management and land assembly for low-income housing are considered the task of ULAs, there is little expertise at the local level for dealing with land matters. The government agent's office, the Kachcheri, has dealt with most land matters traditionally, and, since 1978, UDA has had considerable control over land-use functions and land-management policies in ULA areas. Most ULAs do not have an official who deals with land issues, there is no general land policy for urban low-income housing areas, and each ULA can make its own arrangements within the framework of the general zoning and planning regulations.

(a) Availability and acquisition

Land availability is a concern in urban areas, even though different governmental agencies still possess considerable tracts of land. The Waste Lands Ordinance of 1835 vested with the Government all lands against which tenurial rights could not be established. Moreover, as a result of the National Land Reform Act and the Ceiling on Housing Property Act of 1973, which restricted private land and property ownership, considerable property was transferred to the State. Urban land vested with the Kachcheri can be transferred to ULAs within several months: however, procedures to transfer land from other governmental agencies to ULAs are often lengthy, even after residential land-use

approvals are obtained from UDA. The pool of relatively accessible governmental land is, however, rapidly being depleted in urban areas: in Colombo, the available governmental land is mostly located in marshy and low-lying areas which require expensive filling before they can be used for residential purposes.

Because of the history of governmental land acquisition in urban areas, there are many small pockets of land scattered throughout towns and cities which can be used for low-income housing. Urban areas in Sri Lanka are not rigidly segregated according to high-income, middle-income and low-income neighbourhoods, as is the case in many towns in developing countries, and several ULAs have successfully implemented small low-income housing projects on small available parcels of land. This contributes to the integrated structure of urban areas in Sri Lanka.

Procedures exist for the acquisition of private land, but legal procedures for clearing titles and reaching a settlement among various claimants of a piece of property often take years. An example of problems in land acquisition and transfer can be seen in the inner-city slum-improvement project of Maligakanda. Land had to be transferred from the Ministry of Transportation to NHDA, and several tracts of land had to be acquired from private owners in order to regularize the area, provide common amenities and construct an over-spill sites-and-services project. Problems in transfer and acquisition procedures caused many years of delay in the completion of the project.

(b) Land-tenure arrangements

There is no clear national policy or guidelines concerning the type of land tenure to be provided to residents in UHSP low-income housing projects. Each ULA can decide on the type of tenure and the conditions under which tenure is to be given.

For slum and shanty upgrading areas and sites-and-services projects in Colombo, which are implemented through UDA or NHDA, the approved policy since 1979 is to give 40-year leasehold rights to the plot occupant, under the condition that the leaseholder has no other urban property and is a citizen of Sri Lanka. A subsidized lease fee is charged. Recently, a change to a lease-purchase arrangement has been considered. The

plot-holder would pay a sum (present value) of Rs 9,000 (\$333) on an average 2 perch (50 sq m) plot over 30 years and would gain freehold title to the plot after full payment.

In other ULAs, different land-tenure arrangements have been made. In some urban areas, the land is given free of charge, and long-term leases are provided by the Kachcheri's office. Sometimes, plottolders in UHSP projects pay a set price for the land directly to the Council and are given a freehold title or a 99-year lease. In other ULAs, plottolders pay a subsidized price for the land but receive a 15-year loan which they repay to the Council (Kurunegala). In such cases, the plottolder makes monthly repayments for the land to the Council and monthly repayments for the housing loan to NHDA. This situation can cause difficulties when legal action is required in the case of default on one or both of the loans.

Some ULAs make provisions in the lease or purchase conditions that the property cannot be transferred within a certain period of time. However, no proper guidelines exist as yet for the transfer of properties under UHSP projects in general. Current thinking in NHDA is to allow transfers within the same household; in case of property transfer outside the household, all outstanding loans must be paid back, and the land value will be separately assessed by a governmental assessor. The new party has to pay the assessed value in instalments. However, the consequence of such a policy would be that only high-income groups would be able to afford such properties, since subsidies on land would be drastically reduced.

(c) Land prices, subsidies and fees

The price of land paid by plot-holders is invariably subsidized. In ULAs outside Colombo, the price for land charged to project beneficiaries averaged Rs 1,000 (\$37) per perch, while quoted market prices for a perch of land varied from Rs 5,000 (\$185) in central locations to Rs 2,000 (\$74) in suburban areas. By comparison, NHDA officials and residents of UHSP projects quoted market prices ranging from Rs 20,000 (\$740) per perch in Navagampura to Rs 40,000 (\$1,480) in several other project sites. These figures were confirmed by a recent study of land markets in Colombo.

In most urban areas outside Colombo, plot-holders in UHSP projects are charged the regular yearly tax and assessment rates on their property. The special projects in Colombo have not been included in the property tax system up to now. The collection of land-lease fees in Colombo projects where lease documents have been issued has proved to be difficult. Plot-holders consider the provision of land and services the responsibility of the Government.

In the Stace Road resettlement project, the cost of land was cross-subsidized by selling part of the area at market prices to commercial enterprises. This may be a realistic policy for future projects, especially in cases where land-development costs are extremely high (landfilling costs in Colombo projects often amount to Rs 20,000 (\$740) per 2-perch plot).

3. Beneficiary selection and loan administration

(a) Beneficiary selection and loan disbursement

Beneficiary selection and loan disbursement are done differently in the various towns. In several urban areas, the ward members and, sometimes, the Members of Parliament whose electorates are within the boundaries of the urban or municipal councils provide a list of potential deserving households. Other urban councils have open applications, since not all wards need this type of low-income housing programme. Selection criteria are mostly established by the HCDC committee and are within the general eligibility criteria established by UHSP. Lists are discussed in the Operational Committee of the Council and then forwarded to the NHDA district office. The district manager reviews the project proposals and verifies the information on individual loan recipients. The verification of income of self-employed household members is difficult, but, when the household receives food-stamps, the assistant government agent's office will assist with income verification. In some project sites, the CDCs are involved in the assessment of affordable loans.

Loan agreements are then prepared between NHDA and selected households. The NHDA district housing

officer, checks the progress of house construction for disbursement at each of the loan stages.

(b) Loan recovery

NHDA is responsible for the recovery of loans, and different methods are used in various urban areas. In Colombo, the NHDA district office sends a collection officer out to the various projects on certain days of the month. In other districts, the same collection system is used as for the recovery of rural loans, namely through the government agent's office. A special service officer of this office is charged with the collection of the monthly instalments. The government agent transfers the money to the NHDA district office, and NHDA has to do the follow-up in case of default. None of these methods has proved successful, and recoveries in urban areas are unacceptably low. Generally, not more than 10 to 30 per cent of the monthly payments due are collected, depending on how the defaults are calculated.

New methods of collection are being developed and tried out, to see whether the default rate can be decreased. Collection officers receive a bonus of 5 per cent of collected monthly payments and have become more motivated than before. Collection days are scheduled over weekends, to make it easy for people to come to the site office. In the Colombo area, good results have been reached by these methods and by other awareness-raising campaigns.

A new method, involving urban thrift societies, will be tried out on a project site in Colombo, where a women's co-operative thrift society was successfully launched. The main purpose of the thrift society will be to induce savings by the community and to make small business loans available to interested community members. When people get used to dealing with them, the thrift societies will be charged with the responsibility of collecting housing loan repayments.

Also, early in the loan acquisition period, emphasis will be given to instructing loan recipients on the requirement to repay loans. The problem is that the officials involved in beneficiary selection and loan disbursement, who are mostly the area politicians and NHDA technical staff, are not at all involved in the loan-recovery aspects.

4. Services and infrastructure

The provision of water supply, sanitation, solid-waste disposal, infrastructure and electricity for UHSP projects is officially the responsibility of the local authorities and special central government boards, such as the Water Supply and Drainage Board and the Common Amenities Board (both under MLGHC) and the Ceylon Electricity Board. NHDA is supposed to focus on the housing aspects. However, while this system works adequately for the individual-loan programmes in both rural and urban areas, it is complicated in project areas. ULAs lack the manpower and know-how for the technical design of low-income housing projects. The other main problem is the maintenance of services and infrastructure, once in place. Lack of manpower and, even more important, lack of finance have hampered adequate maintenance of services in most urban areas.

In the individual-loan programme, households possess or acquire their own plot of land and apply for services through the local authority. Apart from house-construction or improvement costs, the NHDA loan can cover the costs of building a toilet, changing toilets from the old bucket system to water-seal toilets, connecting to the water system of the town or to the electricity supply, and wiring the house. No urban area outside Colombo has a sewer system, so the individual-loan system can be effectively used for the improvement of individual sanitation systems. Also, the individual-loan programme operates only in those parts of urban areas where regular standards apply and plot sizes allow for individual sanitary facilities. For the provision of other services and infrastructure to existing and new houses benefiting from the NHDA loan programme, the effectiveness of the programme is dependent on the capacity of ULAs and the water and electricity boards to provide the connections.

This is most true for the low-income housing projects which are implemented under UHSP. The financial and manpower capacity of ULAs to design and implement low-income housing projects is, for the most part, insufficient, particularly for large-scale high-density projects. This is one of the reasons why the Government,

first through UDA and lately through the NHDA, is in charge of most of the upgrading and sites-and-services projects in Colombo. All engineering research and design are done through NHDA Engineering Services Division, and construction is done through NHDA contracting procedures. NHDA also pays for most of the on-site development costs. However, approval is needed from the technical and public health departments of the Council, and there is close collaboration between central and local governmental agencies. A similar involvement of the NHDA central office staff is seen in several urban councils in the greater Colombo metropolitan area.

Similar problems of lack of manpower and limitations of supply systems face many other ULAs. Most councils have three main departments - civil engineering, electrical engineering, and public health. Their staff is fully occupied with current responsibilities which include the provision of electricity, water, roads, pre-schools, community centres, clinics, playgrounds, markets and bus stations, as well as the management of these services. Although a few have successfully implemented small sites-and-services projects, with limited support from the NHDA district or central office, most lack the trained manpower to design and implement projects. This is particularly true for complicated upgrading projects. **There is a need to build up the capacities of ULAs to deal with housing in a truly decentralized way, without NHDA gradually taking over.**

With the expansion of the housing programme, however, the city-wide and nationwide systems for water supply, electricity supply and sewage disposal face a problem of inadequate capacities to handle drastic increases in the number of individual connections. NHDA does research into project designs which take account of the present, often inadequate, availability of those services but, at the same time, build in options for future adjustments when these services improve. For instance, when individual water connections are considered, the households are advised to build tanks for storage of water which can be used when water pressure is too low. The same reasoning applies to individual toilet designs. Where the sewer system in

Colombo does not reach particular areas, a common septic tank is provided, with provision for future connection to the main sewer.

The second problem is the lack of **maintenance** capacity in ULAs. Although steps are being taken to enhance the financial management structure of ULAs, in order for them to cope with this task, it is anticipated that maintenance in low-income areas will be a long-term problem. For that reason, the provision of communal services in low-income areas is being reconsidered. Wherever densities and physical characteristics of the site allow, the potential to provide individual services is given serious thought. In many urban areas outside

Colombo, where plot sizes are large, individual toilets are still most common, and only water supply is provided on a communal basis.

One way to deal with maintenance problems is to make the community responsible for upkeep and for small repairs. This approach is in accord with the overall philosophy of MHP. However, it requires community organization and a continuous involvement of the community in the whole planning and implementation process. Only a very small proportion of urban areas have community development officers or NGOs who can assist project planners in such tasks. The recruitment of staff to stimulate community involvement in the maintenance process would seem a high priority.

VI. MAIN POLICY ISSUES

A. General overview

This chapter gives an overview of the first two years of UHSP and the results of the support-approach initiatives which were stimulated through the Demonstration Project. As mentioned in the Introduction, this study is intended not to give a thorough evaluation of the Programme but to document achievements in the development of institutions and procedures needed to fulfil the Programme's objectives. While the previous chapters describe the Programme as it functions at the household and community levels, through its decentralized administrative structure, this chapter analyses critically some of the main policy implications of the implementation procedures developed so far.

The overall goal of UHSP is to make a substantial and lasting impact on the housing situation of the poor. In order to fulfil that goal a large number of households have to be reached, and, as much as possible, the costs have to be recovered, in order to expand the Programme, even after the original funding period ends. The Programme was, therefore, designed on the basis of homeownership and small construction loans, later to be expanded by a land provision and infrastructure and services component. The process through which the Programme works intends to maximize the participation of builder-households and communities and to decentralize the Programme to ULAs.

If this sounds familiar in the context of international housing planning, the previous chapters have shown that the Sri Lanka Government is indeed serious about this commitment. It pushes hard for large-scale programme implementation, developing procedures as it goes along. It has rallied widespread political support behind the Programme, at the same time using the Programme to further its aim of achieving decentralization and devolution of central government responsibilities.

In the first two years, UHSP reached close to 20,000 households, almost one half of whom had finished the construction or improvement of their houses by the end of October 1986. The Programme disbursed Rs 38.5 million (\$1.4 million) in 1985 and Rs 57 million (\$2.1 million) in 1986 up to the end of October, which was less than half of the total amount allocated to the

urban programme (Rs 123 million for 1986). The mean amount of the loans was Rs 6,000 (\$222).

UHSP is implemented in all 51 ULA areas. Most councils have started with UHSP either through individual loans or on the basis of sites-and-services or upgrading projects, and only five implement individual-loan options as well as projects. Nationally, nearly twice as much loan money was disbursed through the individual-loan programme as through project-related loans. However, in Colombo Municipality, it has proved difficult to find individual-loan applicants who qualify for the Programme. The households which are nominated by the political leaders of their area often do not fulfil the basic requirements of the Programme, such as an income below Rs 1,200 (\$44), the maximum income allowed for programme beneficiaries, or possession of title to the land on which the house is constructed. Most households in this income group live in slums and shanty areas without legal tenure to the land or the house. For those reasons, the individual-loan programme had a slow start in Colombo, and less than 100 individual loans have been disbursed to date in the Municipality.

In some small urban areas, many low-income households have access to land, and the Programme, in its present form, favours those. For the same reason, the rural programme has been readily implementable, which has created a rural bias in the overall MHP. It can be anticipated that, in urban areas, the project approach to the Programme will become important. Increasing numbers of low-income households will depend on the Government to provide them with a plot of land to construct their houses. With present high market prices for land, even outside Colombo, the acquisition of land is not within the reach of a substantial proportion of the low-income groups.

Thus, UHSP reached an impressive scale in the first two years, even though the set targets for the urban programme were not fully reached. This gap is mainly due to the limitations of the individual-loan approach for urban areas and the great complexity of sites-and-services and upgrading projects which include land development, regularization and provision of tenure.

B. Economic performance of UHSP

The second principle of the programme is recovery of costs to the highest degree possible, lowering of subsidies and improvement of the overall economic performance of the housing programme.

1. Beneficiaries

One of the achievements of UHSP is that, despite the limitations of a much lower housing budget than the direct construction programme under the 100,000 Houses Programme, it has reached a much **lower income group**. Based on the early work in slum upgrading of SSD of UDA, the Programme is clearly directed to the most poorly housed and lowest income groups, particularly in Colombo. The average household income in the shanty areas included in the baseline survey for the Demonstration Project was approximately Rs 1,000 (\$37), and, for inner-city slum areas, the median income was Rs 1,240 (\$46). A similar income figure was found in recent studies of households who had actually received loans and had constructed their houses or were in the process of doing so.

2. Equity

Even though overall subsidies are much lower than under previous programmes, the **redistributive** outcomes of the Programme are also considerable. Large numbers of landless, urban low-income households are, for the first time, given access to land and housing finance. Few of them have any rural property, and the only wealth they have is their urban house.

The benefits of the Programme are, thus, truly concentrated in the low-income sector. However, this policy leaves the **lower- middle income groups** (with incomes above Rs 1,200 (\$44) without access to capital or land for house construction. The majority of earners in this income bracket are employed in the public or private sector, with stable and certifiable incomes. Apart from high-cost private-sector renting, only some public rental housing, built under previous programmes, and some employer housing are available for the middle-income groups, while access to finance for new

construction is severely limited. Mortgages are provided by the two State-supported housing-finance institutions, the State Mortgage and Investment Bank (SMIB), which is designated as the National Housing Bank of Sri Lanka, and the recently established Housing Development Finance Corporation (HDFC) of Sri Lanka. Interest rates vary with the size of the loans (and, for the HDFC, with the income level) but are generally high. Access to bulk funds by these institutions is restricted. The trend has been for an increase in applications and approvals for large loans. The large proportion of lower- middle-income groups seeking housing finance will not be served by these institutions and are dependent on informal credit.

In many other developing countries, where similar segmented markets for housing exist, middle-income households illegally buy up the plots provided to low-income groups, and massive **transfers of property** result. Subsidies carefully targeted to low-income households, thereby, tend to become misallocated. Pressures on low-income households to sell are strong, particularly when the difference between the amount paid by the household for the property is vastly different from the amount the property sells for in the market, when the household has a low priority for its own house and when the pressure to come up with the payment for construction or for the mortgage is heavy.

In Sri Lanka, there is, as yet, little evidence of transfers on a large scale. There are, however, signs that this will be a danger, when many households receive full title to their land, which will make the land valuable and easy to transfer. In one project in Colombo, approximately 50 plots have changed hands without NHDA approval, mostly even before construction of house has started. This project resettled households from some of the worst shanty dwellings in the city, such as shelters put up under the railway platform, and from nearby locations in the business centre. These households, many of which were incomplete, with some of the household members living elsewhere, may have given a very low priority to owning a house and prefer to take cash and stay in a central location in the city where they work in informal-sector activities. In a project site just outside the boundaries of Kurunegala, large-scale transfers of plots to middle-income households have occurred. These plots are, however, extremely attractive to

middle-income households, because of their unusually large size (10 perches/250 sq m) and favourable location close to community services. The average small plot size in Colombo, the high value placed on an owned house by low-income households and the strict laws dealing with urban-property ownership are strong counterforces against large-scale transfers in Sri Lanka. Property changes have to be monitored carefully, however. If programme scale can be reached, pressure for plot transfers will decrease. At the same time, it is necessary to search for solutions for the provision of housing finance for middle-income groups.

3. Affordability and subsidies

The Programme has lowered the Government's involvement in housing provision considerably, and owner-builders take a heavy responsibility for the construction of their houses. Apart from the provision of housing finance, support from the Government is increasingly needed both in land acquisition and tenure provision and in the preparation of the land and construction of basic infrastructure. All these areas of governmental support are subsidized, and, indeed, it is probably impossible to reach the low-income groups without subsidizing some parts of the housing package - land, infrastructure, services and finance. The level of subsidy is much lower for the individual-loan component of UHSP than for the project-based component in which the Government bears responsibility for assembling the land and preparing the site. The following are the main subsidies involved in UHSP:

(a) Land is provided free of charge, at a nominal cost far below the market value, or through a subsidized lease-fee;

(b) No charge is made for land development, which often forms a large proportion of overall infrastructure costs, particularly in Colombo. Experiments are under way with cross-subsidizing development costs, through the sale of part of the land developed for low-income housing at market value. Other new approaches focus on lowering the cost of filling, by using free community labour and by lowering filling standards;

(c) Infrastructure and common services are also provided free of charge. Through user charges and

levies, part of the investment is to be recovered. However, this has met resistance in project communities where service charges were initiated. Individual connections have to be paid for by households through the housing loan, although, in some urban areas, special grants or loans are available for the construction of common services or individual toilets. NIIDA, with assistance from the Demonstration Project, supports research in reducing the cost of infrastructure provision without lowering standards. Technical reports will be prepared as an output of the Project;

(d) Housing finance is subsidized by charging below-market interest rates on NHDA loans and ignoring the administrative costs of loan approval.

Other subsidies, such as tax reductions, are not relevant for this income group, since they do not file income tax returns. The effects of these different subsidies for specific beneficiary groups need to be understood, so that targeting is possible. The Programme caters for a variety of beneficiary groups, including obviously needy households (for instance, those that were relocated as a result of floods or fires, or those who barely scraped by in shanty areas even when no housing costs were incurred), and the package of subsidies for these beneficiaries should be differentiated from general programme subsidies.

Even for the average participating household, it is difficult to pay for the construction or improvement of a house, despite the level of hidden and direct subsidies. Many HCDs of ULAs have limited the maximum loan amount which households can take out, in order to find a balance between people's income and the loan they can afford. For example, while a maximum loan of Rs 15,000 is allowed in Colombo for the construction of a new house, in many small urban areas, this amount is fixed at Rs 8,000. Furthermore, the ability of individual households to pay for a loan is checked, and the loan amount is adjusted accordingly.

However, households acquire a number of other short-term loans in order to finance the construction of their houses - loans which, to the individual head of household, have a higher priority for repayment than the NHDA loan. The average cost of new houses constructed in several projects in Colombo was Rs 37,500 (\$1,390), and an average of Rs 22,500 (\$833) was thus

used in addition to the NHDA loan. Also, land-lease fees or repayments for the land-loan and service charges have to be met. The combination of payments can become a heavy burden for low-income households who, in general, used to pay little or nothing for housing. This is particularly true during the time when construction is still going on. By providing very small loans, which correspond to people's capacity to repay but not to people's aspirations or knowledge of housing, NHDA has forced households to seek outside financing. It is crucial that emphasis be placed on providing households with information on how to reduce the costs of house construction and on how to use incremental building techniques. Building bye-laws allow for considerable flexibility, and potential builders should have a clear picture of what they can build for the amount they borrow.

The NHDA loan amount should be sufficient to build, at the minimum, a basic core house in a given urban area, so that households do not unnecessarily have to rely on informal credit.

4. Loan recoveries

One of the main problems for the financial viability of UHSP is the extremely low recovery rate on NHDA loans. Calculations, based on UHSP recovery data up to the end of October 1986, show that monthly payments, as a percentage of total amount of payments due, including arrears, was 13 per cent. This recovery rate was the same for project-related loans and for individual loans. It was also the same for CMC and for ULAs outside Colombo. However, the situation appears not so bad when only the amounts due for the month and the amounts received during that month are taken into account. Approximately 50 to 60 per cent of the monthly amount to be recovered has been collected during the past few months, again both for individual loans and for project-related loans and both in and outside Colombo. This is still extremely low: there are indications, however, that this monthly recovery figure is gradually improving. In Colombo, it was 35 per cent in June 1986, before the recent effort to increase recovery.

The reasons for this extremely low recovery rate are historical, economical and managerial. There is a

tradition of non-payment of governmental loans, and all national loan schemes have had problems with recovery. Also, traditionally there has been no political support for repayment of governmental loans, thus weakening the administration's efforts to enforce repayment and discouraging the private financial sector from participating in governmental loan schemes. To launch a successful governmental housing-loan programme, re-education and close guidance of the population have to accompany such an endeavour. UHSP has, so far, spent most of its information and training support efforts on loan disbursement and on expansion of the scale of the programme. Even the newly initiated housing information material does not emphasize repayment requirements and the risks involved in the case of non-payment of the loan.

The second reason for poor recovery is that people at this income level are genuinely unable to make their payments. The problem of additional short-term loans for house construction has been mentioned above. In addition, the financial reserves of households at this income level are very small, and, once a monthly payment is missed, it is difficult to catch up. Typically, repayments over March are extremely low, because of the expenses of the Sri Lanka New Year celebrations. From an analysis of recovery data, it appears, however, that repayment improves after construction is finished and part of the regular household income is no longer needed for house-construction costs. Maybe, a short grace period would help resolve the problems.

Especially needy households are particularly problematic; they may never even begin the repayment on their loans. In the Urban Council of Weligama, the victims of the tidal-wave disaster had negligible repayment records, while other loan recipients averaged 75 per cent. It would be wise to set up a loan-monitoring system, to separate these groups and to find special solutions on arrears for each.

There are, however, many households which are not paying but have the ability to do so. With improved management, it should be possible to increase the recovery rate. Under the current system, the parties involved in beneficiary selection carry no responsibility for the recovery of loans. In many cases, even NHDA, which disburses the loans, is not involved in repayment collection.

Neither management nor project staff members of UHD, who would be in a position to encourage repayments by individual households, are informed of repayment records. They can, therefore, not use their leverage to encourage people to repay.

A financial administrative scheme was worked out as a pilot project in the early years of the Demonstration Project. It intended to use the People's Bank as the main loan disbursement and collection agent. The title to the land, in this case a 40-year leasehold, was to be used as the security for the loan (see details in Jayaratne, 1985). Two main reasons prevented the scheme from being implemented in the Wanathamulla shanty-improvement project. First, there was considerable delay in the issuing of leasehold documents to the residents, and, without titles, such a project could not be implemented. Secondly, it became clear there would be little political or community support for forfeiting of land-leases in cases of serious default in loan repayment. This reduced the usefulness of the land title as a collateral for the loan. The People's Bank lost interest, and pressures of project implementation left no choice but to provide households with NHDA loans before leases were issued. Other attempts to involve the People's Bank in low-income housing finance in NGO-sponsored upgrading projects failed, because the Bank did not carry the risk in case of default and, therefore, did not push for recovery of loans. Other experiments, still under evaluation, involve the use of thrift and co-operative societies in loan administration in urban neighbourhoods. There are, as yet, few urban thrift societies on a neighbourhood basis, but the Thrift and Credit Co-operative Society, a Sri Lankan NGO, assists an increasing number of low-income communities in setting up thrift societies to provide short-term business loans to community members. Thrift societies have, however, no experience with long-term financing and only deal with short-term loans. It is unclear what the consequences would be of a large influx of governmental money for the operation of these societies.

5. Macro-economic perspective

Apart from household-level economic considerations, MHP has macro-economic consequences. MHP forms 3 to 5 per cent of the national budget and, through the development of urban land and house construction on

a large scale, it contributes considerably to capital formation in the country. Household savings increase through the stimulus offered of investment in house-ownership; often, household assets, such as jewellery, are, at least temporarily, transformed into productive capital.

Even more important from a macro-economic perspective is the fact that, particularly, UHSP has an effect on the Net Factor Income from abroad. Since the present Government came to power, the increase of external revenue has been emphasized, and one consequence of this policy has been an increase in the number of people working overseas who send part of their salaries home. In general, remittances from abroad have increased approximately six-fold since 1979. As mentioned before, 15 per cent of households saved for their house through having a household member work temporarily in West Asia, mostly as a domestic worker. Savings from these earnings are used for house construction, and the average price of a house which was built with assistance from West Asian money was considerably higher than the overall average cost of finished houses in the survey. Moreover, many households intended to send household members to work in West Asia, if they ran out of money to finalize the house. By making land available to low-income households, UHSP has motivated people to increase their savings, both from domestic sources and from external sources, and use these for investment in the construction of their houses.

One more important economic benefit of MHP and, particularly, of UHSP is the effect the Programme has had on employment generation. Data from the survey of projects in greater Colombo showed that most households employed skilled labourers or contractors or used a combination of self-help labour and of skilled and unskilled paid labour for the construction or improvement of their houses. A median of 30 to 40 man-days of skilled labour was used for the construction of a new house, and additional unskilled labour was hired. With a national volume of 20,000 beneficiaries in UHSP over the past two years, this comes to more than 1 million man-days of skilled and unskilled labour used in the Programme to date. The average labour cost for house construction was close to Rs 7,000 (\$260), and the volume of new jobs created by the Programme is considerable.

C. Institution-building and support

The process through which MHP is implemented is intended to bring about a change in methods of low-income housing delivery: deconcentration and devolution of decision-making powers are emphasized at all levels. ULAs, beneficiary communities and builder-households have to be involved in all aspects of decision-making and implementation. New relationships and institutions have had to be built, and NHDA has had to develop ways to support this approach without dominating it.

1. From NHDA to ULAs

HCDCs of ULAs seem to be effective decision-making bodies at the local level. They have elected and appointed officials of both central and local government, and, therefore, combine technical and programme expertise with an understanding of local needs and priorities.

Outside Colombo, the main problem in implementing UHSP through ULAs is the lack of qualified technical manpower and elected officials who could take responsibility for execution of the Programme. Often, there is not even sufficient manpower for someone to be sent to training courses. District NHDA staff members take on a good deal of responsibility for the housing programme in ULA areas, but, also at the NHDA district office, lack of urban-trained staff limits the implementation of UHSP. Training of elected and appointed officials and recruitment of new staff at the local-authority level or deconcentration of NHDA staff to the districts are critical for UHSP to be truly decentralized. This will be increasingly needed, as a large number of ULAs will have to implement complex housing projects rather than individual-loan schemes only. In the short term, improvements can be made in the organizational structure of UHD to be responsive to needs of ULAs.

CMC is totally dependent, for the planning and implementation of its UHSP projects, on NHDA. The HCDC and the Electorate Development Progress Meetings set over all programme objectives and give guidance to implementation, but the role of the Municipal Council in implementation is more one of approval than of development. Decentralization will mean a total reorganization of the institutional structure, and it is not

clear whether such a drastic change will be feasible for the sake of decentralization. The location of NHDA within Colombo makes for a different relationship between the central Government and local government. The Council could, however, build up its planning and housing staff, or, alternatively, qualified staff members from NHDA, who have knowledge of low-income housing in the city, could be placed in or transferred to the Council and build up expertise at that level.

2. From ULAs to community

This aspect of devolution is difficult to implement, since there was no strong involvement of the population in the decision-making process and, particularly in urban areas, no history of community-organizing. Colombo Municipality has the most extensive experience in this area, since the United Nations Children's Fund-sponsored Basic Services project started there in 1978. CDCs were developed in low-income neighbourhoods as part of the implementation structure of the project. This project is now implemented in six urban areas, and CDCs are organized and given increased responsibility for decision-making and implementation of project components. The Colombo UHSP projects use the same community-organization principle. However, it is difficult for the technical project staff to be responsible for properly organizing, nurturing and strengthening community organizations without assistance from NGOs or local-authority community-development staff. In the great majority of ULAs, there are no active NGOs which could serve community-wide organizations, nor is council staff available for such tasks. Without such support, a meaningful involvement of communities is difficult to establish, and the initiative will often be taken over by political or economic interest-groups.

The continuous functioning of community organizations and of participatory processes, however, needs more than community-development assistance during project implementation. Even after projects have been implemented, communities need to plan new development activities, maintain services and, in general, continue to be represented in decision-making bodies of the local authority. For this purpose, an institutional link must be established between the local authorities and the communities. The roles and mandates of CDCs

must be clarified, guidelines for elections and other CDC procedures must be generalized, and the responsibility for CDC matters must be located with a local authority department or other institution. The institution of the CDCs is extremely *ad hoc*, and it seems likely that, after NHDA involvement in a community terminates, the CDCs could stop functioning or be taken over by particularist interests.

3. Support systems

The support approach to project implementation takes many different forms for the different participating groups or institutions, depending on the type of support needed and the message to be communicated. In the previous chapters are described the communication, motivational support and educational inputs which are provided for each of the main implementing groups. Methods are continuously adjusted, and a "learning by doing" approach is taken.

There is general agreement that this emphasis on enhancing capabilities and fostering self-reliance of households, communities and local authorities is the right approach to take to development; there are, however, very real challenges in the realization of this approach.

(a) Co-ordination between different institutions and levels

Many different institutions, committees and management levels are involved in the development of projects. Yet, there must be consistency in approach to communities and households. Project staff, technical staff from different agencies, community development officers and NGO staff members all must understand and be trained to follow the same basic support philosophy and must co-ordinate training and information inputs. This is not easily done, and it will require time. Staff members from different agencies should meet frequently and should discuss their specific agendas and the processes of implementation. Attitudes must be changed, and this takes time and effort. For instance, an engineering division, which has always used contractors for landfilling, must be initiated into the feasibility of using community labour and assist in developing simple filling tools. NGOs often feel that community organizing

and development activities are "theirs" and, because of available grant money, often involuntarily create a dependency that is not in line with the self-reliance concept which focuses on the development of independent autonomous CDCs. Governmental implementing agencies are often under time constraints and feel that working with the community is good as long as it does not take too much time. All too often, it is thought that, after one initial co-ordinating meeting at which basic agreements are made, each party knows what to do. Previous problems in co-ordination between agencies are proof that considerable effort and continuous interaction and communication are needed to generate effective co-ordination of activities.

Such co-ordination between household level, community level and a variety of implementing agencies and divisions can be greatly facilitated by simple monitoring tools. At each level, including the community, progress could be recorded, and problems discussed at regular meetings with relevant community and staff members. Decisions should be made at the lowest level possible, and only issues which cannot be decided at one level should be taken to the next management level. By including all relevant parties in the monitoring system, efficiency in the implementation process could be achieved, and bottle-necks could be detected early. Although plans for such a monitoring system exist, they have not yet been implemented.

(b) Management support

A support approach requires considerable commitment of UHSP staff and of the district and ULA staff. Working with individual households and with communities requires long hours in the field and many after-work activities and meetings. Community meetings can only be held at weekends and in evenings. Site offices are not always available or equipped with basic furniture or sanitary facilities. Transport to the field can be a nightmarish problem, and salary compensation for overtime is limited. These problems are particularly severe in Colombo, where distances are great, and project staff members often live far out of town. UHSP tries to improve these conditions, and the Demonstration Project has provided assistance for transport and site offices. Management support for a community-based approach needs continued attention.

(c) The community as an equal partner

The greatest challenge of all for the governmental administration is the interaction with the community as an equal partner. An adjustment of attitudes towards low-income communities is often necessary. In an organized and trained community, people's awareness is raised, as well as their understanding of the use of bureaucratic channels to achieve their aims. While this is precisely the purpose of the support approach, it can pose difficult problems for project staff.

In some communities, unreasonable requests are sometimes made. Bureaucratic and political channels may be used to exert undue pressure on project staff.

Sometimes, that pressure comes from individual CDC members who are not representative of the community as a whole. It is then necessary to stimulate an effective representation. At other times, such pressures come from truly authentic community organizations. The challenge for the project staff is to deal effectively with such pressure, without taking a patronizing attitude and without compromising the task of supporting community initiatives. The risk of making the community vocal is inherent in the support approach; equally inherent is the responsibility it places on the community to use increased power in a constructive manner. The experience of UHSP so far illustrates the complexities as well as the potential rewards of this approach.