Shelter for Low-Income Communities: Sri Lanka Demonstration Project Case Study – Part I
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Shelter for Low-Income Communities: Sri Lanka Demonstration Project Case Study – Part I

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Foreword

This report describes the background, the development and the current status of the first phase of the Demonstration Project on the Development of Low–income Shelter Programmes and the Integration of Information and Training Activities. This Project is sponsored jointly by the Ministry of Local Government, Housing and Construction of the Government of Sri Lanka, the Ministry of Housing, Physical Planning and Environment of the Government of the Netherlands and the United Nations Centre for Human Settlements (Habitat), as part of the activities of the International Year of Shelter for the Homeless (1987). This report constitutes the first part of the Case Study on the Sri Lanka Demonstration Project. It deals with the policy issues relevant to the scope of the project and the background of its design, it describes the scope of the activities and the prototype project areas taken up for upgrading. Part two of the Case Study, to be published in 1987, will focus on the specific inputs given by the Demonstration Project to the national programme of shelter delivery, the achievements of the Project and their impact on future replicability.

The Million Houses Programme of the Government of Sri Lanka constitutes one of the largest efforts so far to reach low–income families in the urban and rural sector with improved infrastructure and shelter; the experience emerging from Sri Lanka provides therefore an invaluable learning process for the international community: it proves that public sector programmes can be scaled–up by increasingly involving beneficiaries in the delivery process through support–based strategies. The extension procedures and techniques implemented in order to achieve the required decentralization of the programme over the national territory constitute a model rich with useful lessons for national governments, international and bilateral agencies alike.

I am happy that UNCHS (Habitat) had the opportunity to be associated with and support the shelter programme of the Government of Sri Lanka. I am grateful to the Ministry of Housing, Physical Planning and Environment of the Government of the Netherlands which contributed to this Demonstration Project and which was instrumental in emphasizing the role information and communication should play in the implementation of shelter programmes.

This case study and its forthcoming Part II are the result of the team work carried out by the staff of the Urban Division of the National Housing Development Authority of Sri Lanka with UNCHS support.

I wish to gratefully acknowledge the work of UNCHS consultant, Marja C. Hoek–Smit, as well as the contribution of Mr. Disa Weerapana, National Project Director, Mr. Susil Sirivardane, General Manager of the National Housing Development Authority, Mr. Lalith Lankatilleke, Senior Manager of the Urban Housing Sub–Programme of the National Housing Development Authority and Mr. Eswaran Selvarajah, Deputy Director of the Slum and Shanty Division of the Urban Development Authority. The following persons have as well co–operated and contributed information:

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Jayarani Fernando – Training Officer
Lawrence Jayasuriya and Vajira Pathirana – Monitoring and Evaluation
1.0 Introduction

Ever since its election in 1977, the present Government of Sri Lanka has made an unprecedented commitment to housing and urban development. The Prime Minister holds the portfolio of the Ministry of Local Government, Housing and Construction. Several new programmes have been initiated to provide for the construction of new houses and to improve existing urban and rural housing.

During the thirty-fifth session of the General Assembly of the United Nations in 1980, the Prime Minister of Sri Lanka suggested that the provision of adequate housing should be part of the global assault on poverty. He proposed the declaration of the International Year of Shelter for the Homeless (IYSH), which two years later was proclaimed by the General Assembly.

The Sri Lanka IYSH Demonstration Project on Low-Income Shelter, Information and Training was the first project proposed in support of IYSH. It was conceived as a result of the common interest shared by the Government of Sri Lanka, the Ministry of Housing, Physical Planning and Environment of the Government of the Netherlands and the United Nations Centre for Human Settlements (Habitat) in designing a demonstration project that would incorporate training and information as integral elements of a national shelter policy. Its purpose is to show the potential, feasibility and efficiency of innovative low-income urban shelter strategies in the Sri Lankan context.

Recent years have seen radical changes and innovations in the delivery of shelter in Sri Lanka. The focus has shifted from costly direct construction of housing by the Government and from highly subsidized programmes which reach only a limited number of households. A growing emphasis is placed on the involvement of the community and individual households in the delivery of shelter and on the use of appropriate technologies and planning standards, so that a larger number of households can be reached with the limited resources available. The role of the Government and of Local Authorities is increasingly limited to the provision of security of land tenure, basic infrastructure and securing the availability of housing finance affordable by low-income households. Training and information systems are introduced to ensure that the participatory approach is extended and institutionalized.

These new approaches need to be carefully evaluated in order to assess their feasibility and replicability on a larger scale and in different settings. Prototype low-income shelter projects were selected for the Demonstration Project, representing the main approaches to urban low-income housing provision in Sri Lanka:

- Inner-city slum improvement
- Shanty upgrading
- Site-and-services/relocation
- Semi-urban neighbourhood upgrading

The IYSH Demonstration Project offers the opportunity to record, document and evaluate several innovative strategies for the delivery of shelter to urban low-income households in Sri Lanka for the purpose of formulating a national policy. At the same time, it ensures that Sri Lanka’s learning processes in the field of low-income shelter provision are internationally disseminated as part of the activities for IYSH.

At the inception of this Project in 1983, the organization that was mainly responsible for providing low-income urban shelter in Sri Lanka was the Slum and Shanty Division (SSD) of the Urban Development Authority (UDA) of the Ministry of Local Government, Housing and Construction (MLGHC). It began operations in late 1979 and concentrated on slum and shanty upgrading and resettlement projects, mainly in the Colombo area. It was from the existing or planned projects in SSD that the original selection of prototypes for the IYSH Demonstration Project was made.
In March 1985, the responsibilities and staff of SSD as well as its project portfolio were transferred to the National Housing Development Authority (NHDA), where it forms the core of the urban housing sub-programme under the Million Houses Programme. With this move, NHDA has become the responsible implementing agency for the IYSH Demonstration Project. This transfer, however, has not altered the important policy issues, innovative planning standards and implementation procedures intended to be highlighted by the Demonstration Project.

This first part of the report documents the background and development of the IYSH Demonstration Project, the major issues to be addressed and its status at the end of 1985. The project objectives will be placed in the context of the current housing situation following an overview of the historical development of urban housing policies and problems in Sri Lanka. It is only in the wider context of policy development that the innovative approaches tested in the Demonstration Project can be adequately appreciated. Part II of the report will cover the Project up to its conclusion at the end of 1987.

Particular emphasis, in the final evaluation of the Project, will be given to the activities undertaken in the field of information, communication and training. These were recognized as crucial elements in the process of formulating a policy to extend the participatory process in programme implementation by activating a network to involve local and district authorities. Activities of development support communication were defined recognizing their crucial role in reaching communities and individual householders with a range of institutional and technical information.

2.0 The housing sector

2.1 The current housing situation

A. Scope of the housing problem in Sri Lanka
The housing sector in Sri Lanka consists of three major components, namely: the rural sector, which comprises the largest part (74 per cent) of the total housing stock; the urban sector, forming 18 per cent of the housing stock; and the housing for workers on agricultural estates, which constitutes the remaining 8 per cent of the housing stock. This distribution of the housing stock is roughly matched by the population distribution (see table 1).

Table 1. Distribution of housing units by sectors – 1981
Compared with the majority of developing countries, the housing situation in Sri Lanka is not very critical and, indeed, the last decade has seen a steady improvement in the country's housing indicators. Between 1971 and 1981, the occupancy rate, i.e., the ratio of population to occupied housing units steadily decreased (see table 2), while at the same time the proportion of permanent houses in the overall housing stock increased (see table 3).

Table 2. Occupancy rates by sector, 1971−1981 (persons/housing unit)

<table>
<thead>
<tr>
<th>Sector</th>
<th>1971</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>6.8</td>
<td>6.3</td>
</tr>
<tr>
<td>Rural</td>
<td>5.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Estate</td>
<td>4.8</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>5.7</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Moreover, the quality of the housing improved as more households acquired access to basic amenities such as a clean water−supply, latrines and electricity. This trend towards a steady improvement in the housing conditions is reflected in each of the three sectors: urban, rural and agricultural estate housing.

Several factors have contributed to this relatively favourable picture. The moderate growth rate of the population of approximately 1.7 per cent per year over the last 10 years, in combination with an extremely modest urbanization trend, is without doubt the most influential. The proportion of the population residing in urban areas has increased only marginally over the last two decades and remains at approximate 20 per cent of the total population.

Successive Governments have placed a strong emphasis on rural development, through the improvement of road systems, health and educational facilities, and on agricultural resettlement programmes from the overpopulated wet zones of the island to the dry zones in the eastern part. These efforts have had an important stabilizing impact on rural–urban migration. The past trend towards a greater equality in the distribution of wealth and income have contributed to an improvement in the housing stock, particularly in rural areas.

Table 3. Growth of population and occupied housing stock by sector, 1971−1981

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Population</th>
<th>Urban Occupied housing</th>
<th>Rural Population</th>
<th>Rural Occupied housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>2 848 100 (22.4)</td>
<td>421 200 (19.0)</td>
<td>8 707 500 (68.6)</td>
<td>1 558 800 (70.3)</td>
</tr>
<tr>
<td>1981</td>
<td>3 194 900 (21.5)</td>
<td>509 500 (18.1)</td>
<td>10 721 700 (72.2)</td>
<td>2 084 500 (74.1)</td>
</tr>
</tbody>
</table>

Percentage Increase | 312.2 | 21.0 | 23.1 | 33.7
Average annual rate of increase | 1.23 | 2.04 | 2.23 | 3.13

Source: Census of population and housing, Sri Lanka – 1981

Note: Figures in parentheses are the percentage relative to the total.

These positive trends in the overall housing situation mask the fact, however, that there remain serious deficiencies concerning access to amenities like water and toilets, and the low quality of structures.
In recent years, several analyses have been carried out to estimate the extent of current and future housing needs in Sri Lanka, using different approaches.

The most recent of these estimates is based on the objective of obtaining a satisfactory housing situation for all citizens around the year 2000. Using this method, it was estimated that an average of 145,000 new units per year will have to be constructed to achieve that goal. In addition, 103,000 units will have to be upgraded annually. The same study also concludes that approximately 50 per cent of all households in need of a new unit or upgrading of their existing accommodation cannot afford the costs involved. At least part of the shortage of funds will have to be made up from government sources. These are, however, increasingly tight.

Housing programmes constituted some 10 per cent of the Public Investment Programme (PIP) in 1980. In recent years, this proportion has been gradually reduced; currently it is approximately 3 per cent. These figures exclude the investments made in the provision of infrastructure, which are much higher. Even at current government investment levels, however, public funds could fill a large part of the housing need. Particularly if government investments are carefully used to complement individual household spending.

B. The urban housing sector

Because of the higher densities in the urban sector, it is there that the problems in the housing situation outlined above are most evident. Tables 4 and 5 illustrate both the improvements made over the last decade in the urban housing situation, and the problems that still persist.

Approximately one third of all urban housing units were classified as semi-permanent or improvised in the 1981 census and only half of all new housing units constructed between 1971 and 1981 in urban areas were permanent structures. At the same time, many of the structures previously classified as semi-permanent were upgraded to permanent housing units. The picture presented by these data is, however, likely to underestimate the scope of the urban housing problem, because many temporary shanty areas that have developed inside or outside town boundaries were reportedly not included in these estimates. A lack of proper water and toilet facilities is of particular concern in the informal housing sector in general and in the shanty areas in particular. Taken together, these figures show that the supply of affordable housing in the formal sector cannot keep up with demand even under the favourable conditions of moderate urban growth.

Table 4. Characteristics of urban housing stock, 1971–1981

<table>
<thead>
<tr>
<th></th>
<th>1971</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of occupied units</td>
<td>421 200</td>
<td>509 459</td>
</tr>
<tr>
<td>Households per unit</td>
<td>1.13</td>
<td>1.09</td>
</tr>
<tr>
<td>Average household size</td>
<td>6.0</td>
<td>5.8</td>
</tr>
<tr>
<td>Persons per room</td>
<td>3.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Owner occupied</td>
<td>48%</td>
<td>57%</td>
</tr>
<tr>
<td>Rented or leased</td>
<td>41%</td>
<td>30%</td>
</tr>
<tr>
<td>Permanent structure</td>
<td>63%</td>
<td>68%</td>
</tr>
<tr>
<td>Semi-permanent structure</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Improvised structure</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Tiled or asbestos roofs</td>
<td>60%</td>
<td>64%</td>
</tr>
<tr>
<td>Cement floors</td>
<td>79%</td>
<td>80%</td>
</tr>
<tr>
<td>Clay, brick or cement walls</td>
<td>62%</td>
<td>68%</td>
</tr>
<tr>
<td>Piped water supply</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>Protected wells (within premises)</td>
<td>19%</td>
<td>28%</td>
</tr>
<tr>
<td>Flush and water–sealed latrines</td>
<td>42%</td>
<td>55%</td>
</tr>
<tr>
<td>Own toilets</td>
<td>49%</td>
<td>57%</td>
</tr>
<tr>
<td>Shared toilets</td>
<td>31%</td>
<td>24%</td>
</tr>
<tr>
<td>No toilets</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Electricity connection</td>
<td>35%</td>
<td>46%</td>
</tr>
</tbody>
</table>
The study quoted above, which assesses Sri Lanka’s housing needs during the remainder of this century, shows that approximately 40,000 new or upgraded housing units will be required each year in the urban areas alone, to provide Sri Lankans with minimally adequate housing by the year 2003. This includes the replacement of deteriorated houses, reduction in the density of currently overcrowded stock, replacement of improvised dwellings and the provision of additional dwellings for newly forming households.

Table 5. Level of amenities of urban housing stock – 1981 Type of toilet facilities

<table>
<thead>
<tr>
<th>Structure quality</th>
<th>Flush toilets</th>
<th>Water seal</th>
<th>Pit</th>
<th>Bucket</th>
<th>None</th>
<th>Not Stated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>21.1</td>
<td>49.2</td>
<td>11.3</td>
<td>8.4</td>
<td>6.5</td>
<td>3.0</td>
<td>100</td>
</tr>
<tr>
<td>Semi-permanent</td>
<td>3.8</td>
<td>19.6</td>
<td>32.0</td>
<td>10.1</td>
<td>30.1</td>
<td>4.4</td>
<td>100</td>
</tr>
<tr>
<td>Improvised</td>
<td>1.0</td>
<td>7.4</td>
<td>19.3</td>
<td>7.7</td>
<td>61.0</td>
<td>3.6</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>15.6</td>
<td>38.9</td>
<td>17.0</td>
<td>8.8</td>
<td>16.4</td>
<td>3.4</td>
<td>100</td>
</tr>
</tbody>
</table>

The same study also shows that a considerable proportion of urban households would need a subsidy to either upgrade their present dwelling or afford a shell house with basic services. These calculations exclude costs of land acquisition and development, which form an increasing proportion of the total cost of shelter, particularly in the Colombo area.

C. The slum and shanty problem of the capital city of Colombo

The Colombo metropolitan area, with 60 per cent of the total urban population, has the most serious housing problems relative to other urban areas. The total population of Colombo city was 580,000 at the time of the 1981 census; this figure, however, excludes all the formal and informal areas on the fringes of the city. An estimated total population of the greater Colombo area comes to approximately 750,000. Even though the growth rate of the city is below the national growth rate, owing to outmigration to the suburban areas where more land is still available for housing at an affordable rate, an increasing proportion of the housing units in the city are classified as slum or shanty units. Current estimates indicate that the number of slum and shanty units could be more than 50 per cent of the total housing stock (45,000 units out of a total of 85,000 housing units).

In the Sri Lanka context the word “slum” refers to two different types of units, slum houses and tenement gardens.

Slum houses are located in inner-city areas and are old residential buildings of permanent materials, subdivided into small single rooms, inadequately maintained and largely deprived of basic sanitary facilities. These subdivisions began during the Second World War, when the middle-income resident traders of the inner-city areas vacated their homes in search of better housing and services. The partitioning was done either by the owner himself or by an intermediary who would rent out the single units at low rents to low-income households.
Tenement gardens consist of single rooms built in back-to-back rows opening on to a common passage way with shared water and latrine facilities. These gardens were erected during colonial times by private investors “to accommodate the influx of a new labour force into the city, during a period when a thriving plantation industry required labour for processing, packing, storage, handling and shipping”.

Increased overcrowding, lack of amenities and poor maintenance have contributed to the bad conditions in slum houses and tenement gardens. Successive tenant protection measures and escalating land values for inner-city plots have had a negative effect on the incentive for owners to keep up their properties.
Another result of the inadequate supply of affordable housing was the unauthorized construction of shanty units.

Shanties are improvised and unauthorized housing units, constructed on state or private land without legal right of occupancy. The building of shanties began after Independence (1946) and escalated particularly in the 1950s, when large-scale immigration into Colombo took place. Shanty areas have been growing steadily, though not at such an alarming scale as in other Asian countries.

Most shanty areas lack basic water or toilet facilities, since government regulations prohibit the supply of services to areas unfit for development, such as canal banks, road reserves, fire-gaps, or low-lying marshy areas, where most shanties are located. The residents often use highly contaminated water from adjacent canals for bathing and laundry. This contributes to the generally poor health conditions in the shanty areas.

Most larger shanty areas occur on the fringes of Colombo, in the low-lying marshes, but smaller shanty pockets dot the inner-city area, on road reserves, fire gap areas and canal banks. Some shanty pockets have developed around the slum gardens as well. Map 2 illustrates the distribution of slum and shanty areas in Colombo City.
CITY OF COLOMBO

LOCATION OF SHANTIES

Scale: 1:25,000

LEGEND

City boundary
Central area
Areas for further study
Unprotected areas
Major filling areas
The physical characteristics of the Colombo area cause special problems in the delivery of housing; similarly, these physical characteristics are important determinants of the type of shanty development which took place.

Colombo is situated adjacent to the Kelani River delta. The city originally developed on clusters of isolated and scattered hillocks situated in low-lying and marshy lands. Flood bunds and other flood prevention mechanisms protect the area from the sea and an elaborate canal system provides drainage of run-off water. Undeveloped low-lying and marshy areas function as additional stormwater retention areas during times of heavy rains.\(^8\)

Increasingly, however, shanties have developed on this excess low-lying land. Furthermore, increased reclamation of marshy areas has been carried out in recent years for new urban development projects. These developments have caused a severe escalation of the drainage problems in the city.

At the same time the condition of the canal system has increasingly deteriorated. Although officially excluded from development, shanty dwellings have heavily encroached upon the canal banks. The presence of these shanty houses has caused a serious problem of pollution\(^9\) and blockage of the canals and has made the task of maintenance of the canal system much more complicated.

The problem of shanty upgrading and relocation, therefore, has a special dimension in the Colombo area. In addition, the special drainage problems enormously increase the costs of developing low-lying land for housing projects. These complicating factors add to the problem of providing affordable housing to the majority of the urban residents.

### 2.2 Housing Policies and Public Sector Programmes

#### A. Pre-Independence to 1970

The colonial Government of Sri Lanka had a very limited involvement in the housing sector. Apart from the construction of houses for civil servants, the only direct intervention in the housing market was the introduction of rent restriction legislation during the war period, when rents increased dramatically.

Even in the first decade after Independence, public sector involvement in housing was limited. Various rent control regulations were enacted to protect tenants. However, it became increasingly clear that rent control had a negative impact on the provision of housing by the private sector. In order to stimulate investment in housing for the middle- and upper-income groups, tax incentives and exemption from rent control for new and larger houses were introduced in the 1950s. At the same time, the Government, in one of the earliest policy statements on the subject of housing (1953), assumed responsibility for the provision of housing for the working classes. All subsequent Governments have tried to fulfill this commitment through an increasing allocation of resources to housing and the creation of administrative institutions for the implementation of housing programmes.

Under the Bandaranaike Government elected in 1956, a large-scale public housing programme was prepared, which was intended to clear the growing number of slum houses and shanties and to relocate the residents into subsidized rental housing. To implement this plan, the National Housing Department was created and the National Housing Fund was established.

The government programme failed, however, mainly because of the relatively slow rate of production of standard units. By 1970, public housing accounted for not more than 1 per cent of the total housing stock in the country. Most of the rental units were occupied by the stably employed working force and civil servants and provided no benefit to slum and shanty dwellers whose houses were cleared. The housing situation was further negatively affected by the slow economic growth rate up to the mid-1960s, which influenced the level of savings and capital accumulation and thus limited the resources available for housing.\(^{10}\)
B. 1970 to 1977

The Government which came into power in 1970, introduced a number of important measures reflecting its ideological position of aiming at a more equitable distribution of wealth. There was an emphasis on state control and restrictions on private–sector involvement in the housing sector, particularly in housing for the urban working class and poverty groups.

A series of significant legislative enactments were introduced to regulate the housing sector: the Protection of Tenants Act, the Restriction and Control of Rents Act, the Ceiling on Housing Property Act and several acts on the ownership of apartment housing. These acts remain an important influence in the housing sector, even though amendments have been made under the present Government.

The most significant enactment for the urban housing sector was the Ceiling on Housing Property Act (No. 1 of 1973), which drastically changed the pattern of home ownership especially in slum houses and tenement–garden areas. Under this law, all houses not required by the owner for his or her own use or for use by the direct family were compulsorily acquired. Sitting tenants were offered the choice to continue to rent from the Government or to purchase the house for an amount determined by the National Housing Commissioner, while the land was vested with the Government.

These measures, although providing greater access to urban property by low–income groups, effectively discouraged private–sector involvement in new house construction and in the maintenance or improvement of common amenities in inner–city low–income housing areas. Anticipating these outcomes the Government set up the Common Amenities Board (CAB) in 1973 to undertake environmental improvements in slum and shanty areas. With assistance from the United Nations Development Programme (UNDP), more comprehensive upgrading projects were formulated in 1977, as part of an overall planning effort for the larger metropolitan area of Colombo.\footnote{12}

The Government also embarked on a new house construction programme for low–income households. It failed to reach its targets, however, and by the end of the period less than 5000 high–cost, highly subsidized flats were constructed in urban areas. As a result, an increasing number of low–income households had to rely on unauthorized construction of shanty units. As a recent Sri Lanka housing study concludes:\footnote{13}

"While all Governments during the pre–1977 period accorded high priority to the problems of housing and to programmes and policies for housing development, none of them were quite successful in reconciling the objectives of protecting the tenant and satisfying the needs of low–income groups on the one hand and promoting new housing construction to satisfy the growing urban demand on the other"

C. The Hundred Thousand Houses Programme and the Upgrading Programme

After its election in 1977, the present Government initiated a more liberalized economic development strategy. Housing and urban development had a high political priority and they formed one of the three lead projects of the five year Public Investment Programme.\footnote{14} The Minister of Housing was later appointed to the office of Prime Minister, but he retained the portfolio of a combined Ministry of Local Government, Housing and Construction.

Private construction was stimulated through amendments of some of the enactments on property taxation, rent control and tenant protection. Public–sector involvement in the housing sector was boosted and a programme was announced to construct 100,000 houses in the five–year period. The allocation of public resources to housing and urban development was drastically increased and two new organizations were created to implement extensive public housing and urban development programmes: the National Housing Development Authority (NHDA) and the Urban Development Authority (UDA).

1. NHDA was charged with the implementation of the Hundred Thousand Houses Programme, which was comprised of the following sub–programmes:

- Rural aided self–help: 50,000 units
- Urban direct construction: 36,000 units
The second sub-programme focused entirely on direct construction of standard housing by the Government, an approach which had proved to be unsuccessful under previous governments. The direct construction programme envisaged 85 per cent of its units for low-income groups and 15 per cent for the middle- and upper-income groups. However, by mid-1982, less than 10,000 units had been produced under the urban programme and the main beneficiaries were households from relatively high-income groups. These problems were similar to those experienced by conventional housing programmes in most other developing countries. From the outset there had been professional pressure to redirect the urban programme away from direct construction and to focus instead on the development of basic core housing in order to bring the programme more in line with affordable housing expenditures of the target population. With the escalation of construction costs during the years of implementation of the programme and a decreasing availability of public resources for housing and urban development programmes, the direct construction programme became even more unaffordable. Housing professionals as well as politicians became increasingly aware that a change in housing policies was unavoidable. In 1982, the direct construction programme was suspended.

2. UDA was established in 1978. Its mandate included the following elements:

- The formulation and implementation of urban land-use policy;
- The execution of industrial and integrated development projects;
- The redevelopment of the central areas of Colombo city;
- The development of public amenities in urban areas.

As part of this latter mandate, UDA incorporated the pilot slum and shanty upgrading projects formulated under the previous Government. In the same year Slum and Shanty Unit was formed within UDA, which was later upgraded to a separate division, the Slum and Shanty Division (SSD).

The upgrading approach developed by SSD was to provide residents of upgradable slum and shanty areas with basic improvements such as regularization of plot and land tenure, provision of communal water and toilet facilities and upgrading of roads and footpaths. The capital costs were born by UDA. Collaboration with other governmental and non-governmental organizations was sought to provide for income-generating and social development activities. In later years, relocation of households living in unupgradable shanty areas to new site-and-services areas was incorporated into the programme and a loan programme was prepared with the Peoples Bank to assist owner-builders.

However, with the main housing efforts of the Government focused at direct construction of housing units, the upgrading programme never received all the attention it needed. Upgrading was considered a short-term solution and it was expected that, with future economic growth, the population would gradually be able to afford better housing.

The administrative requirements for the activities with which SSD was charged also differed considerably from those for other activities in UDA. It was necessary, therefore, to build up a core of special personnel to deal with the various social, technical and legal issues involved in the upgrading activities.

Manpower constraints and cumbersome financial and administrative procedures, as well as complex and dragging proceedings for land-tenure provision hampered the effective output of SSD and the allocated budget could never be spent. Between 1979 and 1984, the programme covered approximately 8500 housing units and served about 10,000 households, mostly in the Colombo metropolitan area. This was less then 10 per cent of the country’s slum and shanty population.

The strength of the programme lay in the fact that it established upgrading as a feasible alternative to clearance of slums and shanties, despite the fact that the administrative and legal procedures did not facilitate speedy implementation. The programme was in a unique position to experiment with various planning and lay-out standards and implementation strategies. It could gradually develop a set of low-cost shelter policies and strategies which would form the basis for the development of alternative low-income urban housing programmes.
D. The Million Houses Programme

With the deterioration of the national and international economic situation in the early 1980s, the allocation of public funds to housing and urban development was cut down, following the recommendations of the International Monetary Fund. At the same time, the gradual decrease in real incomes, particularly of the lower income groups, augmented the pressure to find more affordable housing solutions that could be implemented on a large scale.

A task force of housing officials from the Ministry was appointed, to look into alternative solutions to the housing problem. Among the outcomes of its work was a set of guidelines for future housing programmes which formed a radical break with past approaches to housing provision:

- A supportive rather than a participatory role for the Government was recommended;
- New programmes should be of a larger scale, i.e., they should be designed to benefit a larger segment of the population;
- The intended beneficiaries should be able to afford the housing provided;
- The costs of implementation should be recovered;
- Community and individual initiatives should be stimulated and the use of local materials and technologies emphasized.

In April 1983 the Prime Minister announced that the Hundred Thousand Houses Programme would be succeeded by the Million Houses Programme (MHP) to extend over a period of 10 years. It would cover all types of housing, urban, rural and estate, and housing delivered by both public and private sector. The year 1983 was designated as a year of assessment of past experiences of public housing programmes and of formulation and experimentation with new approaches for large-scale implementation. NHDA was charged with the implementation of the urban and rural sub-programmes and with the overall co-ordination of MHP.

When MHP was officially started in January 1984, the radical changes proposed by the task force were incorporated and had received political approval and backing. All sub-programmes of MHP would be guided by the same set of principles:

- Primary support would be given to low-income households in both urban and rural areas;
- Government intervention would be minimal, and, as much as possible, the decisions would be made by the individual user, Government only providing the necessary support and information;
- Cost recovery of loans and service charges would be introduced;
- A decentralized planning and implementation system would be initiated, with local authorities formulating and executing their own housing programmes and projects with the assistance of the Central Government;
- The community would play a prominent role in all aspects of the programme.

The Rural Housing Sub-programme of MHP began operations in 1984 throughout the country. It is basically a small loans programme for new construction or rehabilitation of rural houses and for construction of wells or latrines. Loans are allocated by the local governing body, the Gramodaya Mandala, and approved by the NHDA district office. Collections are also made through the NHDA office or an intermediary community-based organisation.

The loans range from Rs 3000–7500 ($US120–300) and are provided at a subsidized interest rate of 3 per cent for small loans and 6 per cent for larger loans, for 5, 10, or 15 year periods. These highly subsidized interest rates are being reassessed. Eligible households are those with a household income not exceeding Rs 1000 ($40).

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For the execution of the Urban Housing Sub-programme the two urban housing implementing agencies, the Urban Division of NHDA and the Slum and Shanty Division of UDA were consolidated into one Urban Housing
Division in NHDA. Considerable skills, experience and knowledge existed within SSD in a variety of special low-cost upgrading and re-location strategies, which were pertinent to the type of housing provision required under MHP. These qualities complemented the expertise of NHDA, which had focused in the past on the direct construction of housing in the urban programme.

The Urban Housing Sub-programme started in the beginning of 1985, initially as a simple loan scheme similar to that of the Rural Housing Sub-programme. A Housing Options Loan Package (HOLP) was formulated with four principal options: a shelter upgrading package, a new house option, a utilities package and a site-and-services option. Maximum loan amounts are higher for the urban than for the rural programme (Rs 15,000 or $ 600 at 10 per cent).

In urban areas, however, which are subject to complicated planning and building regulations, a simple loan provision programme for individual home-owners is not adequate as the main approach to low-income housing. For low-income households official planning and building standards have to be waived by UDA in order to make housing affordable. This permission is only granted for the development of clearly designated "special project areas", zoned for low-cost, high-density development. Plans for these areas have to be approved by UDA and a set of special minimum standards has been developed which apply there. For these reasons, a project-based approach is indispensable for the urban areas and, currently, different project approaches for the provision of low-income urban housing are developed under MHP. It is in this context that the results and outputs of the IYSH Demonstration Project will be used.

3.0 The IYSH Demonstration Project

3.1 Objectives of the Demonstration Project

Changing housing policies and active probing into alternative strategies characterized the context in which the IYSH Demonstration Project was formulated and developed in 1982/83. The developments outlined in the previous chapter had induced urban housing professionals to look into more affordable housing solutions. Mechanisms of cost-recovery were being considered, which would help retrieve at least some of the expenditures made by the Government for the provision of infrastructure, services and housing loans to house-owners.

In this climate of change and experimentation, there was an obvious interest in a demonstration project which placed emphasis on the role of information and training in the planning and implementation of housing programmes and on the careful monitoring and evaluation of new approaches. The objectives of the Demonstration Project were chosen to assist the Ministry of Local Government, Housing and Construction (MLGHC) in the further development of alternative approaches to low-income urban housing and in assessing their effectiveness and in institutionalizing an information system to extend the participatory process as an integral part of the formulation and implementation of the national housing policy.

The Project’s objectives were formulated as follows:

1. Enhance the executional capacity of Government, nongovernmental organisations and organised population groups involved in planning and implementing low-income shelter programmes, for instance through the following activities:
   - Assistance in the development of housing finance institutions and mechanisms;
   - Assistance in the further simplification of land legalisation procedures and in the study of alternative land-tenure arrangements for low-income housing projects;
   - The development and testing of appropriate planning and design standards for different types of projects;
   - Enhancement of the role of community participation by providing information and training to community members and by developing appropriate participatory procedures;
– The provision of information and training to enhance the knowledge, skills and attitudes of housing professionals and politicians concerning low-income housing policies and strategies.

2. Contribute to the formulation of a national housing policy, by

– Testing ways and means of improving the delivery of low-income housing and assessing the replicability of different approaches;

– Demonstrating the effectiveness of integrating training and information activities into the implementation of low-income housing programmes.

Four main areas of activities were planned under the Demonstration Project for the realisation of these objectives:

1. The implementation of low-income housing projects aimed at improving the living conditions of selected low-income communities:

Four types of comprehensive housing projects were selected for implementation, in order to develop and test the feasibility and effectiveness of various innovative approaches to shelter provision. These projects represent prototypes of low-income urban housing strategies, which were planned to be implemented on a large scale by the Government as part of the national housing programme:

– A shanty improvement project in Colombo, which includes the following components:

  • Land-regularization and on-site relocation;
  • Land legalisation;
  • Provision of services and facilities;
  • Provision of loans, and housing advisory services;
  • Community organisation and development activities.

– A comprehensive slum improvement project in Colombo, including the following components:

  • Legalisation of tenure arrangements;
  • Demolition of shanty dwellings;
  • Relocation of shanty dwellers and other eligible households;
  • Provision of services and community facilities;
  • Provision of loans and housing advisory services;
  • Community organisation and community development activities.

– A sampling of site-and-services projects, intended for relocation of households from unupgradable shanty areas in the Colombo area. These include the following components:

  • Selection and relocation of project participants;
  • Provision of sites and communal services;
  • Loan provision and housing advisory services;
  • Community organisation and community development activities.

– An improvement project of a semi-urban unserviced neighbourhood in a smaller urban area, the town of Kurunegala, north-west of Colombo. This project is comprised of the following components:

  • Legalisation of land tenure;
  • Provision of infrastructure and services appropriate for low-density housing projects;
  • Provision of community facilities;
  • Loan provision and housing advisory services;
  • Home gardening assistance and other community development activities.

The execution of these projects was to rely as much as possible on available local expertise. Technical assistance would only be provided in areas of clearly identified needs. The relevance of the various strategies
and techniques being implemented would be appraised vis à vis existing housing needs and long-term national targets for urban low-income housing. This evaluation activity was intended to generate relevant guidelines for future urban housing programmes as part of the ongoing learning process.

2. The development of training activities and the strengthening of national training capacities in the housing and urban development sector:

   Training activities were planned to strengthen the executional capacity not only of the governmental planning and implementing agencies, but also of the nongovernmental organizations working in the housing sector and of the community groups in low-income housing areas. Training activities were to be organized concurrently with the different phases of project execution and would cover the following subject areas:

   - Project formulation and planning;
   - Project monitoring and evaluation;
   - Various technical aspects of project implementation, e.g., low-cost infrastructure systems, aerial photography;
   - Information, communication and community development;
   - Health components of low-income housing projects;
   - Housing finance schemes and loan administration;
   - Technical training for community residents.

   Training material and training manuals were expected to be developed, which could form the basis for ongoing training efforts. Again, use would be made of locally available training resources. Technical assistance personnel would provide training in the areas of their expertise, either in a formal setting or through on-the-job-training of local staff.

3. The establishment of an information capacity within MLGHC, and the undertaking of information activities

   Since no experience existed with information as an integral component in project planning and implementation, an information unit would be established in the Centre for Housing, Planning and Building (CHPB) of MLGHC, with long-term technical assistance. It would have the following mandate:

   - To carry out information activities and develop information material in support of the prototype housing projects and other projects implemented by SSD, in close collaboration with project planners;
   - To produce information material and organize information activities related to the Demonstration Project in connection with IYSH;
   - To develop, in the later phases of the Demonstration Project, an information network within MLGHC which could serve as the basis for provision of information on issues related to national housing policy and housing programmes.

   The efficiency and impacts of different information activities, particularly those related to project support, would be carefully monitored and evaluated to assess their potential usefulness and feasibility.

4. The development of a monitoring and evaluation system and the establishment of a monitoring and evaluation capacity within the main implementing agencies:

   A monitoring and evaluation system was to be designed for two general purposes. In the first place, it would provide a feedback mechanism during the planning and implementation phase which would facilitate a continuous learning process; secondly, it would make it possible to understand the validity of different low-income housing approaches and to assess their potential for implementation on a large scale and in different contexts. The system would be designed to incorporate the following tasks:
– To provide data required for project formulation;

– To serve as a tool for project management to assess progress and identify problems during the implementation phase of the demonstration project;

– To generate feedback material for the evaluation of the efficiency and impacts of the various innovative project components and implementation processes used.

A monitoring and evaluation unit was to be established within the implementing agency to carry out these tasks. Staff would be trained in specific techniques since no previous experience existed with monitoring and evaluation activities in the housing field.

3.2. The institutional setting

A. Implementing institutions for low-income housing projects

At the time of the formulation of the IYSH Demonstration Project, the Slum and Shanty Division of UDA was the only organisation actively engaged in the development and implementation of low-income housing strategies. The prototype projects were therefore selected from its portfolio of planned projects.

With the shift of the SSD housing projects and staff to the newly established Urban Housing Sub-programme (UHSP) of NHDA in 1985, the character of the Demonstration Project remained essentially unchanged. The same basic types of project approaches (upgrading, site-and-services) were planned to form the core of UHSP (see Chapter 2), and the selected prototypes were therefore of equal relevance. Projects committed under UDA would be executed under NHDA according to the same principles as before, i.e., they were based on a comprehensive project approach, incorporating the provision of infrastructure, land legalisation, issue of tenure and loan provision. However, the NHDA housing programme has certain special characteristics which affect the relative importance of different demonstration effects that are to be expected from the projects.

NHDA places a much greater emphasis on the scale of the programme, and on the efficiency of project implementation. In order to improve programme efficiency, communities will be actively involved in the delivery of housing. The role of the Government will be limited to the provision of the necessary support. Procedures developed and tested under the demonstration project have to reflect this need for simplicity and replicability on a large scale. Consequently, the training, information and community involvement components of the demonstration projects will be even more important.

The second major difference is the decentralized system of project planning and implementation under which NHDA operates. All 51 urban local authorities and municipal councils are expected to plan and execute their own urban housing projects through a housing and community development committee, with assistance from the NHDA district office, the central office and the district secretary. The NHDA/UHSP budget is divided among all 51 local authorities and they are being actively encouraged to prepare appropriate housing plans. The urban local authorities are to provide the land and to finance the infrastructure works, while NHDA will provide loans for upgrading of existing houses or for the construction of new ones.

Most of the local authorities, however, lack the personnel to do their own planning and implementation of low-income housing projects. The provision of training for local authorities and the preparation of manuals and guidelines for project formulation, implementation and monitoring are critical in this context.

There is an additional reason why the implementation of a decentralized planning process is not yet feasible. Apart from the lack of skilled personnel, the financial basis of most local authorities is too weak to finance the provision of urban services. Traditionally, the responsibilities of the local authorities included the provision of public amenities within their areas, such as water supply, sanitation, solid-waste disposal, roads, street lighting, electricity distribution, public markets and community facilities. In addition, the improvement of the low-income housing situation was the task of the local authorities. Grants from Central Government were provided only for major infrastructural works. Over the last 25 years, however, the financial situation of Local Authorities has steadily deteriorated and the Central Government has taken over most of the responsibilities for housing and urban services. With the assistance of UNDP and the World Bank, a five-year plan has been prepared for the improvement of the management and financial capabilities of the local authorities in order to
prepare them to re-assume control over capital expenditure.

In the meantime, the Urban Housing Division of NHDA is faced with a dilemma. It is realized that there is a need to provide low-income housing on the basis of comprehensive project plans (see Chapter 2). This would involve the provision of infrastructure and services, community facilities as well as loans for house improvement or construction. If the local authorities lack the necessary capital resources to invest in infrastructure, the funds will have to be provided by separate donor programmes, such as the existing United Nations Children’s Fund (UNICEF) commitment. Alternatively, a reallocation of resources from within the Central Government Million Houses Programme to fund infrastructure provision for local authorities which lack sufficient funds of their own will have to be considered.

It is to be expected that in the near future the institutional context in which low-income urban projects are planned and implemented will change considerably as part of an ongoing decentralization process. The contribution of the demonstration project lies therefore precisely in the enhancement of those capacities within the Central Government, local authorities, non-governmental organizations and communities that will facilitate continuous learning and adaptation to changed circumstances. This is the role of information, training and monitoring activities. The relevance of the various projects does not so much lie in the specific and incidental characteristics of each prototype project, but rather in the main policy issues they address and in the implementation processes and procedures that will be developed and tested.

B. Training Institutions and Information activities

In 1977, MLGHC had requested assistance from the International Technical Assistance Department of the Government of the Netherlands to establish a training centre within the Ministry, that would provide training for agencies involved in housing delivery. Both governmental and non-governmental agencies were to benefit from the training programmes. The Centre of Housing Planning and Building (CHPB) was instituted within MLGHC with assistance from the Netherlands Institute for Housing Studies (IHS).

With the increasing interest in slum and shanty upgrading at the beginning of the 1980s, a course was developed in CHPB, in collaboration with IHS, on the physical and socio-economic aspects of upgrading. Participants came from governmental and non-governmental agencies involved in upgrading programmes. This course was considered very successful and valuable suggestions were made on the improvement of the upgrading approach, as well as on the development of the training programme itself.

In order to strengthen the training capacity of CHPB, it was decided to have the training activities related further to the IYSH Demonstration Project be carried out through this institution.

The decision to establish a new information unit within CHPB was made on the ground that a strong information input would benefit the training programme further. Also, the information unit was supposed to serve all housing programmes within MLGHC in the long run. An independent position within CHPB was therefore considered to be the most appropriate, with the provision that a close working relationship would be established between CHPB and the implementing agency for the prototype projects.

As will be discussed in chapter 5, it turned out, that for the information component to be closely integrated into the various housing project activities, it had to be a part of the implementing agency. After one year, the information unit was integrated into SSD and was later moved to NHDA together with the rest of the SSD programme.
Figure 4. Programme management

DISTRICT SECRETARY AND OFFICIALS CONSULTATIVE COMMITTEE

MLGIC URBAN SHELTER PROGRAMME WORKING GROUP

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE (HCDC)

LOCAL AUTHORITY OR PRADESHIYA MANDALA SETS UP THE COMMITTEE WHICH IS THE MAIN POLICY-MAKING BODY HEADED BY THE MAYOR, CHAIRMAN (URBAN COUNCIL) OR CHAIRMAN (PRADESHIYA MANDALA)

URBAN OPERATIONAL COUNCIL

WHICH IS THE MAIN OPERATIONAL LEVEL WITH GOVERNMENTAL AND NON-GOVERNMENTAL AGENCIES DISCUSSING PROJECT AREAS AND ACTIVITIES IN LARGER URBAN AREAS RELEVANT PRADESHIYA MANDALA OR GRAMADA MANDALA WILL PARTICIPATE IN THE PROCEEDINGS

COMMUNITY DEVELOPMENT COUNCIL

(WHICH IS OPERATIONAL AT FIELD LEVEL FORMED BY THE COMMUNITY AND CO-ORDINATED BY A SUITABLE OFFICER)

ACTIVITY GROUPS

MAINTENANCE COMMITTEE

LOANS PROCESSING COMMITTEE

as partners in all upgrading activities

as caretakers of amenities

as Borrower-Bank link service

THIS THREE-TIER SYSTEM WILL OPERATE DEPENDING ON THE SIZE OF THE TOWN AND NUMBER OF A.G.A. DIVISIONS AND ELECTORATES WITHIN THE TOWN. WHEN THIS NUMBER IS ONE, THE DIVISIONAL DEVELOPMENT COUNCIL WILL MERGE AND FUNCTION AS ONE COMMITTEE OF HCDC.
4.0 Description of the prototype projects

Four types of low-income housing projects were selected for implementation under the IYSH Demonstration Project: a shanty upgrading project, an inner-city slum upgrading project, site-and-services projects, and a semi-urban unserviced neighbourhood upgrading project in a small urban area. Together, these projects represent the various different approaches which the Government of Sri Lanka has decided to test with regard to the overall development of the housing programme.

From the outset, the Demonstration Project was not conceived as a show-case. Rather, the emphasis was on the ongoing learning process, by recording the experience gained and the adaptations and modifications made during implementation.

For that reason, the description of the Demonstration Project will emphasize the relevant developments in the areas of policy, planning and procedural matters which occurred in relation to the prototype projects, rather than give more conventional case descriptions. First, however, a brief description of each prototype project will be given for an understanding of the historical, physical and socio-economic context in which project development is set.

4.1 Wanathamulla Shanty Improvement Project

A. General characteristics of the project area

Wanathamulla is an area situated at the eastern boundary of Colombo city, bordering on a series of swamps. It contains one of the city's largest shanty areas, which developed on a long, narrow stretch of land situated between Wanathamulla Road and the Kelani Valley railway line. This shanty area is approximately 900 m long and varies in width from 80 to 200 m, with an overall extent of 13 hectares. A major open drainage canal runs from north to south through the area. Wanathamulla is a predominantly residential area. Small businesses are located along the main road (see maps 3 and 4).

Apart from a 2 hectare area occupied by a school and playground and a 0.3 hectare site used for a small low-income housing project, the area has been increasingly filled up with shanty units. The current estimate of approximately 1000 to 1100 shanties indicates a density of some 100 housing units per hectare but this figure is much higher when corrected for the uninhabitable marshy parts.
Map 3. Prototype projects for the IYSH Demonstration Project
Nearly all housing units are occupied by one household. The average household size is 5.7 persons (compared with a national average of 5.6), which means an approximate total population of 6000 people. Although more than one third of the households consists of a married couple and their dependent children, there are many extended households, where parents, married children or other relatives live together. Approximately 20 per cent of the households are headed by a female.

Wanathamulla is a stable urban community, with three quarters of the heads of household having lived in Colombo for more than 15 years. Seventy per cent have lived for more than 15 years in Wanathamulla itself. It is a community of factory workers, casual labourers and public sector labourers. Most heads of household work in the city centre. The average household income is Rs 960 ($38). This includes the main income of the head of household, his or her secondary sources of income and the contribution made to the household income by other earning household members. (See tables 6 and 7 for detailed information on household characteristics).

Table 6. Employment status head of household,

<table>
<thead>
<tr>
<th>Total number</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed (private sector)</td>
<td>67</td>
</tr>
<tr>
<td>Employed (public sector)</td>
<td>55</td>
</tr>
<tr>
<td>Self-employed</td>
<td>52</td>
</tr>
<tr>
<td>Unemployed</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
</tr>
</tbody>
</table>

Source: Baseline Survey, 1984

The location of Wanathamulla in relation to schools, shopping areas, markets and health facilities is extremely favourable. All of these facilities can be found within a radius of 1 kilometre. The Central Business District of the city of Colombo is less than 4 kilometres away and transport to most parts of the city is available in the immediate environment.

B. Historical overview

Until 1910 the area was outside the municipal boundaries and was leased by the colonial Government to a cinnamon producer. In the 1930s, part of the higher land, owned by the railway was leased to a Moslem by the name of Kadarnanawatte, who built shanty houses there to rent to immigrants. This is the oldest part of the shanty area, still occupied by the 38 original tenants, who stayed there even after their lease expired in 1956. This area is even today referred to as Kadarnanawatte. The rest of the area was low-lying marshland, prone to regular flooding from the drainage canal and from flood water, and not immediately attractive for occupation. In the late 1950s, when the land was partly filled because of construction work to the canal and...
the building of a school, more and more people built their houses there, particularly since this was a period of heavy immigration into the city. People filled in their piece of land when building their houses. Today only a small marshy area is left, which will be filled in as part of the Demonstration Project. Even so, the area floods regularly in times of heavy rains. (See map 5 for the development of the Wanathamulla area).

In the 1960s, an extensive shanty area, south of the present project site, was cleared to make room for flats. When the flats were finished, however, the rents were too high to be afforded by the original shanty dwellers and so were occupied by middle-income households.\textsuperscript{24}

Similarly, in 1980, under the Direct Construction Programme, an area in the southern part of the Wanathamulla shanty area was cleared. Forty households were left homeless and had to settle in a temporary location nearby, waiting for their flats to be constructed. With the abandonment of the Direct Construction Programme, the relocation scheme was shelved and the displaced households were left in uncertainty as to their future housing situation.

It was at this point that UDA had its first input in the Wanamazonulla shanty area. Wanathamulla had been included in the original list of upgradable shanties in Colombo with a high priority for improvement. Government approval for the legalisation of tenure was expected and it was clear that further shanty relocation in this area would not occur. It was recommended therefore, that a small pilot low-rise, low-cost scheme be built on the cleared site instead of the flats, to relocate the 40 households. This was implemented by NHDA and after considerable delay, the houses were handed over to the original displaced households in early 1982. The houses were constructed within the cost limit of $1500, but were considered by the occupants as unacceptably small and poorly designed.\textsuperscript{25} It was recognised that a better result might have been produced if the allottees had been more involved in the planning and building of their own houses.

After Cabinet approval was given for the legalisation of tenure for the shanty dwellers then in Wanathamulla, a draft plan for the upgrading of the shanty area was prepared. This project was subsequently selected as prototype project for the IYSH Demonstration Project.

Map 5. Increase of shanties in Wanathamulla using aerial photographs, blown up to a scale 1:8000.
One of the first activities implemented under this project was, however, totally unplanned. In April 1983, there was a clash between residents from nearby apartment buildings and the shanty dwellers. Houses were set on fire and 45 houses were destroyed before the fire could be extinguished. SSD was requested to rebuild the area. Lay-out plans and houseplans were prepared. Under this plan, a basic unfinished core house would be provided, consisting of a concrete floorslab, support columns, a tile roof and a shared partition wall. The residents would receive a UDA loan to finish their houses by themselves. Construction was done through direct hire labour from the community, while CAB provided the materials. The core houses and infrastructure costs amounted to Rs 12,000 ($480) per house, and the Rs 5000 ($200) loan was sufficient to finish the houses. Within one year the entire area was rebuilt. This small project provided interesting experience concerning community organization for direct labour and the formation of maintenance groups to clean and maintain the common facilities which were provided.

C. Physical conditions

Drainage

In low-lying water-logged areas such as Wanathamulla, the drainage problems are the most critical. The major drainage canal which bisects the area is not maintained properly, and does not have the capacity required to prevent the area from flooding. Open sewage drains from a prison in the northern part of the shanty area flow into the canal and all along the canal people have constructed primitive latrines which empty directly into it. Garbage thrown into the canal further blocks the water flow. The water is often stagnant and highly polluted. The overflooding of the drainage canal is therefore a serious health hazard for the community (see figure 5).

In times of heavy rains large parts of the area are under water, particularly the marshy area in the middle of the shanty area which has never been filled. This encourages breeding of mosquitoes and flies and leads to a general pollution of the area, with consequent health risks.

Services and infrastructure

Since Wanathamulla shanty area was an illegally occupied, area, it could not be provided with basic amenities such as water and communal toilets. Only in the beginning of the 1980s were public standpipes provided along Wanathamulla Road and a communal toilet and bathing wells were built in the area by the Colombo Municipal Council (CMC). Many households have dug their own bathing wells (approximately 50 per cent) and constructed their own pit latrines. More than 40 per cent of all households use private latrines, either on their own plot or on the plot of their neighbours, while close to 10 per cent use the drains or canals. With the high density in the area and the high groundwater level, there is a severe danger that pit latrines will pollute the wells. The great majority of the households use the water standpipes as their source for drinking water, but wells are used for bathing and washing (See Figure 6). Table 8 provides an overview of the quality of services in the area.
Needs assessment meetings with the population and survey results indicated that the highest priority for improvement of the services in the area was the toilet situation. Quite a few households, particularly from the older section, showed a strong preference for individual toilets.

![Figure 6. A water standpipe along Wanathamulla Road](image)

The lack of access roads, footpaths and stormwater drainage in the area is typical of shanty areas. This causes a lot of problems concerning access to the area and to the individual housing units, particularly during the rainy seasons.

**Table 8. Quality of services – Wanathamulla 1984**

<table>
<thead>
<tr>
<th>Services</th>
<th>Total number of answers</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Bathing place</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communal well</td>
<td>25</td>
<td>11</td>
</tr>
<tr>
<td>Private well</td>
<td>100</td>
<td>44</td>
</tr>
<tr>
<td>Private well on neighbour’s plot</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Public standpipe</td>
<td>49</td>
<td>22</td>
</tr>
<tr>
<td>Other</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td><strong>2. Toilet facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No toilet (bush/drains)(^a)</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>CMC public toilet or communal toilet</td>
<td>106</td>
<td>50</td>
</tr>
<tr>
<td>Communal toilet for this housing unit</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Private toilet on neighbour’s plot</td>
<td>33</td>
<td>16</td>
</tr>
<tr>
<td>Exclusive use by household</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td><strong>3. Drinking water facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public standpipe</td>
<td>210</td>
<td>93</td>
</tr>
<tr>
<td>Private well</td>
<td>10</td>
<td>05</td>
</tr>
<tr>
<td>Private tap</td>
<td>05</td>
<td>02</td>
</tr>
</tbody>
</table>

*Source: Wanathamulla baseline survey, December 1983*

\(^a\) 65% of the children use drain/bush or piece of paper.
Shanties have encroached on to the road reserves, the railway reserves and the canal bank reserve. In general, the haphazard way in which they have been constructed makes it difficult to develop a lay–out plan or a blocking–out plan for regularisation, without the demolition of some of the housing units (see figures 7 and 8 and map 4).

To exacerbate the situation in the area, open areas, canals and marshy areas are used for the disposal of household garbage. There are no garbage containers, nor is there a regular refuse collection service. Concerning the infra–structural problems, however, the population expressed the greatest concern about the lack of streetlighting in the area.

D. Housing situation

Except for the few original tenants who paid lease fees to the then Ceylon Government Railways and the equally few house holds with a government lease to their plot, the shanty dwellers have no legal tenure rights to the land. The land is publicly–owned by a variety of public agencies, e.g., the Municipality, the Sri Lanka Government Railways, the Ministry of Education. Although this lack of security has not prevented people from investing in their houses (see below), many households are postponing major improvements until they receive the lease to their plot.

A baseline survey carried out in the area in December 1983 showed that most occupants are the owners of their house. Almost MO per cent had constructed their house themselves, and about the same number had bought the house from a previous owner. Another 22 per cent had been given the house or had occupied a
vacated dwelling. Very few are renting their house from an absentee owner. The price paid for the house or the cost of building (uncontrolled for inflation) varies widely; a more or less even distribution between the extremes of Rs 200 ($8) and Rs 10,000 ($400) is found. Close to 10 per cent of the households in the sample paid more then Rs 10,000 for their house.

Equally variable is the quality of the housing structures, ranging from poorly constructed palmleave (cadjan) and pole structures, to brick structures with tile roofs and cement floors, although the latter are a small minority. Approximately half of the structures were qualified as good or fair, meaning well maintained buildings that provide adequate protection against rain and sun. The average number of rooms is 2.1 and the floor area of the habitable rooms is less then 25 square metres in the majority of the units. The average number of persons per room is 2.6. The two highest priorities for improvement expressed in the survey were the quality of the housing structure and the quality and number of toilet facilities.

More than two thirds of the households spent money on the maintenance and improvement of their house over the last year. The average amount spent increases with the income of the household; expressed as a monthly average it varies between Rs 30 ($1.25) for the lowest income groups (with an income of less than Rs 400 per month) and Rs 120 ($4.80) for the highest income groups (Rs 2000 to 2500 per month). The overall monthly expenditure for maintenance was Rs 70 ($2.80). (These figures exclude those who had no maintenance costs).

There is a great interest in loans for house improvement and an apparent willingness to repay. The amount of monthly repayments on a loan which heads of households felt they would be able to pay averaged Rs 100 ($4). This figure increased with income, but not proportionally; the lowest income groups were prepared to spend a larger part of their income for loan repayments than those with a higher income. The average for the survey population was 10 per cent (see table 9 for more detailed figures).

E. Community participation

When SSD began to work with the Wanathamulla community the general attitude of the people was extremely defensive. This was no doubt a result of previous misguided attempts to improve the shanty area. The community was highly politicized, outspoken and divided into different interest groups. The challenge for the Government was to transform the existing community energy into positive and constructive action.

A variety of experiences with community participation in slum and shanty improvement projects existed by that time, both negative and positive. Since 1979, CMC has been involved in a large-scale project sponsored by UNICEF to initiate community development councils (CDCs) in slum and shanty areas, as part of an Environmental Health and community development Programme. The co-ordinating officer to assist in organizing these CDCs was the health warden. Under the UNICEF programme, these health wardens received special training to organize communities and, to set up immunization and health training programmes. CDCs were to be the cornerstone of the community involvement in upgrading activities.

Table 9. Wanathamulla Baseline Survey, December 1983 Willingness to pay for housing by total household income

<table>
<thead>
<tr>
<th>Total household income per month</th>
<th>Percentage per income group</th>
<th>Average (rounded) monthly payment willing to pay Rs/month</th>
<th>Percentage of income</th>
<th>6 per cent 10 years</th>
<th>12 per cent 10 years</th>
<th>6 per cent 15 years</th>
<th>12 per cent 15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>3</td>
<td>40</td>
<td>56</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>101–200</td>
<td>3</td>
<td>45</td>
<td>30</td>
<td>4 100</td>
<td>3 150</td>
<td>5 300</td>
<td>3 700</td>
</tr>
<tr>
<td>210–400</td>
<td>11</td>
<td>60</td>
<td>20</td>
<td>5 400</td>
<td>4 200</td>
<td>7 100</td>
<td>5 000</td>
</tr>
<tr>
<td>401–600</td>
<td>12</td>
<td>65</td>
<td>13</td>
<td>5 900</td>
<td>4 500</td>
<td>7 700</td>
<td>5 400</td>
</tr>
<tr>
<td>601–800</td>
<td>20</td>
<td>80</td>
<td>12</td>
<td>7 200</td>
<td>5 600</td>
<td>9 500</td>
<td>6 700</td>
</tr>
<tr>
<td>801–1000</td>
<td>13</td>
<td>115</td>
<td>13</td>
<td>10 300</td>
<td>8 000</td>
<td>13 600</td>
<td>9 600</td>
</tr>
<tr>
<td>1001–1500</td>
<td>20</td>
<td>110</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1501–2000</td>
<td>11</td>
<td>140</td>
<td>8</td>
<td>12 600</td>
<td>9 800</td>
<td>16 600</td>
<td>11 700</td>
</tr>
</tbody>
</table>

32
| 2001–2500 | 4 | 150 | 7 | – | 10 500 | 17 800 | 12 500 |
| 2500 | 3 | 210 | 5 | – | 14 000 | 24 900 | 17 500 |
| Total | 100 | 98 (average) | 10 (average percentage) | 9 000 | 7 000 | 11 900 | 8 300 |

Notes:

\[ n = 200 \]

No answer 25 (11 respondents were not interested in a loan and 14 were tenants or households sharing the housing unit)

Households currently sharing a housing unit with other households invariably prefer a separate unit. They are prepared to pay Rs 50/100 per month for their own house. Because of the small number of cases, a correlation with income is not relevant.

This experience had shown that much training was required of both community leaders and city and government officials, before the CDC members could function as effective representatives of their community. In some previous projects, the CDC members were found to be political appointees, misrepresenting the community for which they were the spokespersons.

In those shanty areas where active training programmes for community participation were provided by non-governmental organizations, the results were often much better. This was true both for the involvement of the community in the implementation process of upgrading projects, and concerning the improved self-reliance of these communities.

The success of an upgrading project in Wanathamulla would be critically dependent on the involvement of the population. However, there are insufficient personnel within the government housing agencies to assist the health warden properly in this task. Ideally, each project team should consist of a project officer, a technical officer and a community development officer, with the working time of the last spent mostly in the community. Hardly any project team actually has a community development specialist.

From the outset, the collaboration with a non-governmental organization experienced in working with shanty communities was considered crucial to achieve the aim of community participation in the project.

**F. Project formulation**

During 1982, basic surveys were carried out and initial plans and project briefs were prepared in early 1983. As one of the prototypes for the IYSH Demonstration Project, the Wanathamulla Shanty Improvement Project included the following components and activities:

1. Land-tenure and regularization:

   The regularization of land occupancy and the provision of tenure to eligible households is the basis for further upgrading efforts in the shanty area. Three activities were planned to accomplish this:

   - The acquisition of the land by the UDA/NHDA, since the land is owned by a variety of public agencies;

   - The regularization of land occupancy. Households have erected their dwellings in a haphazard way and on statutory land such as road, railway and canal reserves. A regularization plan for the area has to be developed, marking out each plot boundary and limiting demolition of houses as much as possible to structures on statutory land or on land where infrastructure or services will be provided. Infill plots will be marked out and made available to households which will have to be relocated or to households currently sharing a housing unit with other households;
2. Land development:

The marshy area in the centre of Wanathamulla will be filled in and will be developed as a small site-and-services project of 100 plots of about 50 square metres each. The plots will be allocated to Wanathamulla households which have to be resettled or are currently doubling up with other households.

3. Improvement of infrastructure and services: The following improvements are planned:

- The dredging of the main drainage canal and its branches, and the improvement of the canal walls;
- The construction of a basic network of roads and footpaths in conjunction with the regularization plan for the area;
- The provision of streetlights and garbage containers;
- The construction of communal toilets, water standpipes, bathing wells and washing facilities according to the minimum standards. On an experimental basis, individual soak pit latrines are planned for the site-and-services area and the option for individual connections to septic tanks will be provided to households in selected areas of the projects.

Additional to the provision of infrastructure and services, training activities are planned for the population on topics related to environmental and personal health. This will be part of a larger scale Health Education Programme to be carried out by the same non-governmental organization (United States Save the Children Fund) (USSCF) working in the area in close collaboration with the Government.

4. Assistance for house Improvement or house construction:

Two activities are planned to assist individual households with the improvement of their houses:

- The provision of house improvement loans on the basis of affordable income. As part of the IYSH Demonstration Project it is intended to experiment with a housing finance system for the low-income shanty population carried out through the formal finance institutions. The long-term objective is to create a capacity for this type of low-income housing loan disbursement and recovery within the formal finance institutions, in collaboration with, but not under direct supervision of the Government. Plans have been developed for a joint effort between NHDA and the Peoples Bank to implement a low-income housing finance scheme in the Wanathamulla area based on interest subsidy. Interest levels will be similar to those under the Million Houses Programme. The Bank will accommodate the difference between commercial interest rates and the subsidized interest rates through interest earnings on a government (NHDA) deposit placed at the Bank. The government deposit will not be affected by defaults on the loans. In case of default, NHDA will foreclose the leasehold agreement with the plot holder and a new household will be installed, capable of repayment of the loan.
- The establishment of a housing advisory service in the area with the following mandates:
  
  - To make available to the population technical advice and information on house improvements and houseplans;
  - To assist the loan provision institution in the control of the disbursement stages of the loan;
  - To initiate community training programmes in construction skills, to be implemented in collaboration with other government agencies or nongovernmental organizations.

5. Community participation:
The following activities were planned to stimulate the involvement of the community in the improvement project:

- The organization of CDCs in the different blocks of Wanathamulla. For administrative and planning purposes the Wanathamulla area was divided into six sections, based on physical and community characteristics. Each block would elect a CDC to represent them. These CDCs would be involved as much as possible in the decision making process, both in the planning and in the implementation stage;

- The engagement of a non-governmental organization to carry out community development programmes in the area and to implement more comprehensive improvements with the community. A pilot project was designed, to be implemented in one of the six blocks (B), which would use the USSCF as the contractor for most of the infrastructural improvements planned and paid for by the government. USSCF would involve the community in the execution of the work as much as possible. This organization would further be responsible and pay for community organization activities and a variety of community development programmes. The USSCF community development programmes would be gradually expanded to include the total Wanathamulla area;

- The use of community labour for the construction of infrastructure and services, either through CDC directly, or through the non-governmental organization in collaboration with CDC;

- The provision of information and project support communication by the Information Unit set up as part of the Demonstration Project.

4.2 Maligakanda Inner-city Slum Improvement Project

A. General characteristics of the project area

Maligakanda is a typical old inner city neighbourhood in Colombo, located approximately 2 kilometres east of the Central Business District. It is an area of the city that is characterised by a mixed commercial and residential development, of one- or two-storey buildings. Commercial and trading activities predominate along the main thoroughfares in the narrower crowded sidestreets small retail shops and kiosks line the street fronts, interspersed with residential buildings. Even the commercial buildings are often partly used for residential purposes. Behind the main streets a patchwork of small alleys and lanes gives access to crowded residential areas, mostly consisting of tenement gardens and old subdivided slum houses. Some small shanty pockets exist on vacant pieces of land.

The Maligakanda project area is part of Maligawatte West municipal ward. It is a well defined area bounded on the north side by the Colombo–Kandy railway and on the other sides by motorable access roads. Within the project area no vehicular access ways exist. The area slopes downward towards the railway and a vacant patch of low-lying land alongside the tracks is used for minor cultivation by some of the residents of the area. The total project area, excluding the cultivated land, is 3 hectares, of which more than three quarters is used for residential purposes. There is a large children’s playground, which, miraculously, has hardly been encroached upon. The area also has two mosques and Quranic schools, as well as a municipal community centre and a municipal dispensary (see map 6).

In a complex residential area such as Maligakanda, with a variety of tenement gardens, subdivided slum houses, shanties, and even some single-family houses, it is not at once obvious how to define a housing unit. It was decided that each separate structure or part of a structure with a separate outside entrance door and no internal access to the rest of the structure, would be considered a separate housing unit. Tenure relations often differ within one structure for different housing units, as will be discussed later. Using this definition, there are 318 housing units, of which more than 90 per cent are used for residential purposes. The overall density is over 100 housing units per hectare, predominantly single-storey tenements. There are some 40 illegally constructed shanty dwellings in the area.
The total number of households in the project area is 341 and nearly all residential units are occupied by one household only. The total population is estimated at approximately 2300, with an average household size of 6.7 persons. Almost one half of the households are composed of a married couple and their dependent children, but many households are of the extended type. There are practically no “one person” households. Many households do have more than one income earner (an average of 1.7), and although almost one half of the heads of household is unemployed, only in 7 per cent of the households does none of the members work. In most of those cases the income comes from pensions or rent. Of the different tenure groups living in the area, the original owners (from before the 1973 Ceiling on Housing Property Law, see below) have the highest median income, Rs 1675 ($67) per month; it is approximately Rs 1250 ($50) per month for the other tenure groups.

As is characteristic of that part of the city, the majority of the residents is muslim of Moor background; the second largest group is of Tamil descent. Many heads of household have lived in the area for most of their lives, particularly the owners and the tenants awaiting the transfer of ownership (see section D). More than 50 per cent of the households in these categories have been in the same house for longer than 20 years. The majority of the squatter population has built their houses in the area over the last 15 years, although 30 per cent have lived in their present house for more than 20 years as well.

B. Historical overview

More than any of the other areas of the Demonstration Project, Maligakanda reflects the history of the City of Colombo. The origin of Colombo goes back at least as far as the fourteenth century, when it was a small trading centre used by Arab, Chinese and Persian traders, with a predominantly Muslim population of Arab descent, called Moors. During the various colonial occupations Colombo was the administrative and commercial centre. It occupied the area of Fort (named after the Portuguese–built fort) and Pettah (city outside the wall) and did not expand much until the latter half of the nineteenth century.
With the rapid growth of the import−export economy, based on plantation agriculture of tea, rubber and coconut, the city, as the commercial and administrative centre, began a period of great expansion. This was further enhanced by the construction of the port, which was completed in 1885. The original residential neighbourhoods of the elite and well−to−do traders in the north and north east of city became increasingly congested because of the expansion of commercial activities into these area. Workers housing was built in other sections of this original residential belt around the commercial centre. These workers houses were built in rows of small, single bedroom houses, with a small veranda and living area and communal facilities for all units built on a block of land. This is called a tenement garden. Increasingly the well−to−do moved out to the southern areas of the city and many of the houses vacated by them were used for commercial purposes or gradually subdivided into small rental units, particularly during the period after the Second World War. This whole section of the city became occupied by middle−class and working−class households of predominantly Moor background. The great majority were renters. The Maligakanda area is part of this section and has a predominant tenement garden character.

Rent control legislation was first introduced during the second World War, and has continued in one form or another. These measures gradually caused the balance between rental income and costs of maintenance of rental units to be negative. Owners therefore lacked the incentive to invest money for maintenance and many of the rental units and common amenities in these predominantly rental areas in the city became increasingly dilapidated.

The Ceiling on Housing Property Law, enacted in 1973, was intended to give many of the tenants the ownership to their housing units. The Law was so complicated to implement, however, that few properties were actually handed over to the sitting tenants. This was true particularly for those properties which were first vested in the Commissioner of National Housing. The lack of clarity concerning the tenure status of many residents prevented them from making any major investment in their properties or in the communal facilities. Small plots of vacant land were not built upon by the absentee owners; this encouraged encroachment by squatters. The amendments made to the Ceiling on Housing Property Law by the present Government were designed to expedite the transfer of property, and gave many more tenants the right to ownership of their house, eliminating problems of compensation.31 However, the issuing of actual deeds was often delayed.

Several common toilet and bathroom facilities were constructed in the Maligakanda project area by the Common Amenities Board of the Ministry of Local Government, Housing and Construction, under the UNICEF−funded Environmental Health and Community Development Project, which began in 1979 in the slums and shanties of Colombo. The health warden of the Colombo Municipality organized CDCs in several gardens, as part of the same programme. The main focus of CDCs was the organisation of maintenance of the common facilities, although other community development activities were also stimulated. Without solving the basic tenural problems, however, a real improvement of the area could not be expected.

In 1982, SSD began the preparation for a more comprehensive upgrading project in the Maligakanda area, based on the regularization of tenure and land occupancy, relocation of shanty dwellers, financial and technical assistance for upgrading of houses, improvement of infrastructure and strengthening of the community. This project was the first comprehensive slum improvement project to be developed by SSD. Its characteristics made it extremely relevant as a prototype for the IYSH Demonstration Project.

C. Physical characteristics

The infrastructural problems of drainage, roads and paths, water and toilet facilities in the area are not so much problems of non−availability, but rather of lack of maintenance and accessibility. Statistics on the number of households with access to private water taps or private toilets do not say much about the quality of the services available.
Figure 9. Communal garden toilets provided under the UNICEF Environmental Health and Community Development Programme.

Nearly three quarters of the households in the area depend on public toilets or on communal toilets used by the residents of a garden. Only sporadically has a satisfying arrangement been worked out for the maintenance and cleaning of those facilities. Many are in a state of disrepair. Some groups of the population are excluded from the use of communal facilities in their garden have to use more distant public municipal toilets. A small proportion of the households has private taps inside their house. The majority of people take their drinking water from private taps for communal use, while dishwashing is mostly done at the public standpipes. Adequate splash areas are often lacking and taps are broken. Since most private taps are not metered, there is a general casual ness about spillage.

Surface drainage canals are often clogged up and stagnant, and do not reach the whole area. In addition, several gardens do not have paved footpaths, which makes access difficult (see figures 9 and 10).
D. Housing and land tenure—situation\(^2\)

**Tenure**

At the basis of the housing problems in the Maligakande area is the lack of clarity and insecurity of tenurial relationships, affecting both land and houses. Tenure influences investment decisions, decisions to move to another house or neighbourhood and commitments made to the community. It is therefore fundamental to understand the tenure situation in inner-city slum areas like Maligakanda, before an upgrading plan can be formulated.

Sri Lanka’s slum upgrading efforts are based on the Ceiling on Housing Property Law of 1973 and amendments made by the present Government. This Law sets a limit to the number of houses an owner can have; two houses on his own behalf and one each for his dependent children. Owners were requested to dispose of their excess properties by sale or gift, with the understanding that the sitting tenant would have the first option to buy. If no private arrangements could be worked out, the surplus properties would be vested with the Commissioner of National Housing.

In slum areas scheduled for redevelopment by the Government the properties would remain vested with the Commissioner. In areas not scheduled for redevelopment, the tenant was given the option to buy the property or to continue to rent from the Commissioner. The Commissioner would compensate the owner on the basis of an assessment of the market value of the property. In the case of low-income rent-controlled housing the compensation would be low, because of the provision that the market value be estimated on the basis of the rent-controlled value. Most rental properties in Maligakanda were in that category and, when the Law was enforced, most of the properties were vested with the Commissioner.

The execution of the Law was, not surprisingly, a nightmare. With the 1977 amendments, which exempt vested properties with a rent of Rs 25 ($1) or less from compensation or rental payments by the tenants, the implementation could be expedited. Compensation payments to the owners were supposed to be financed from the profits gained through redevelopment of the area.
Owners, whether they originally owned the house or had acquired it through the Law, could rent out the properties which they rightfully owned, either under the provisions of the Rent Control Act or under a private arrangement.

The tenure situation in Maligakanda has, of course, been much affected by the Ceiling on Housing Property Law. Twenty per cent of the houses in the area have been transferred to the current owners since they were declared surplus houses under CHP Law. Another 20 per cent of the owners is awaiting transfer of their deeds, either directly under the Law, or because the original owners have abandoned or forfeited the property; sitting tenants do not pay rent nor do they have a rental arrangement with the owner. In the latter cases the tenants may request that there houses be vested with the Commissioner and subsequently deeds be transferred to them. The six major house tenure categories that can be distinguished in Maligakanda are listed in table 10. (See also map 7).

**Table 10 Tenure categories in Maligakanda – 1984**

<table>
<thead>
<tr>
<th>Tenure category</th>
<th>Percentage of Total (n = 341)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Owners, since prior to the Ceiling on Housing Property Law, 1973</td>
<td>13</td>
</tr>
<tr>
<td>2. Owners, since 1973 or later with a deed or a deed of gift or transfer under the Law</td>
<td>22</td>
</tr>
<tr>
<td>3. Tenants, awaiting the transfer of their deeds, either under the Law or under the National Housing Department, through NHDA</td>
<td>21</td>
</tr>
<tr>
<td>4. Tenant of owner, with a private arrangement or subtenant of the tenant (only 2 per cent)</td>
<td>23</td>
</tr>
<tr>
<td>5. Squatter on public or private land</td>
<td>13</td>
</tr>
<tr>
<td>6. Others, tenants under rent control, occupants not paying rent</td>
<td>8</td>
</tr>
</tbody>
</table>

The data in table 10 show that more than one third of the occupants do not have a clear tenure arrangement or deed (categories 3 and 5). This will negatively affect the decision to maintain or improve the property they
live on. In practice, upkeep of houses rented out by owners (31 per cent; categories 4 and 6) is generally negligible, as is the maintenance of common facilities.

So far, the discussion has predominantly dealt with the house-tenure situation in the area. However, land-ownership patterns further influenced the housing situation. Under the 1973 Law, only surplus housing properties were to be handed over together with land related to the house by implication of use. This included the land on which common facilities were built or general play areas used by the tenants. Where most units were in the hands of a single owner before 1973, this arrangement worked out well. However in several gardens, the house-owner ship pattern was mixed and vesting of common areas was therefore not always possible. Also, vacant plots of land remained in private hands. Since the land has a potential high market value, being close to the centre of the city in a well developed area, landowners will hold on to their pockets of land. This created two types of problems in Maligakanda:

1. The improvement or installation of common facilities on private land is not encouraged, particularly where the owner of the land is not dependent on the facilities or is an absentee owner. Moreover, new public facilities can, as a rule, not be built on private land;

2. With little incentive to construct new houses under the Ceiling on Housing Property Law, small pockets of private land were left vacant and were subsequently encroached upon by squatters, who mostly built small improvised shacks in an ad hoc fashion.

It is evident that the Law has had a unique and major influence upon the housing situation in Sri Lanka, especially in inner-city slum areas such as Maligakanda. In most developing countries, the inner-city slum areas are plagued by speculative investment in land and houses, particularly in a case where such areas are to be upgraded. Two factors combine in Maligakanda to provide a buffer against this type of speculative buying:

- Extremely small plot sizes in Maligakanda, which make the properties of less interest to higher income groups;
- The Ceiling on Housing Property Law, which makes the acquisition of houses for future windfall profits more difficult.

The evaluation of the actual property transfers over the next few years, will provide one of the most interesting insights for future inner-city upgrading policy.

Housing quality

The surveys carried out in the area show that close to 40 per cent of all housing units are in a poor or bad condition. Particularly in the tenement gardens where there is a confusing mixture of tenure relationships, and only a small proportion of owners, the percentage of poor and bad structures is more than 60 per cent, (see Block D, map 6) in general owners, both those from before 1973 and those who have acquired ownership since 1973, have better quality structures. The worst houses are the ones built by squatters between the wall of a public toilet and the railway embankment in the farthest north west side of the area. These structures are no more than temporary shelters using the toilet wall for support.

The predominant house types in the area are the row house, the cluster or the back-to-back house. Only 18 per cent of the houses are detached. In some gardens tiny one-roomed houses have been built against the side or the back of others, creating a dense cluster of housing units each providing shelter for a household. Most housing units are permanent structures, with brick, coral stone (cabook) or stone walls and roofs of tiles, asbestos or corrugated iron. Of the 42 squatter houses most are constructed of scrap timber or wattle and daub. Even though many households, particularly among the tenants, are dissatisfied with the quality of the structure and the internal lay-out, by far the most pressing problem mentioned was the small size of the plot and of the unit. Indeed, 50 per cent to 60 per cent of the tenant and squatter households had a floor area of less than 25 square metres. Even of the original owners, only slightly more than 50 per cent have a house with a floorspace larger than 45 square metres (see Table 11).

Rents paid by the tenants are low; over two thirds of the tenants pay less than Rs 50 ($2) per month and many pay no rent at all. Key money payments, however, were made by at least half of the tenants with amounts varying from Rs 50 to Rs 500 ($2 – $20).
Owners, squatter owners and tenants awaiting transfer were asked to estimate the rental value of their property. As might be expected, these estimates varied with the quality of the house. Most owners gave a figure of Rs 250 ($10) per month, for tenants awaiting transfer the most common range was Rs 50 to Rs 100, while squatter owners estimated the rental value of their houses to be mostly below Rs 50 per month.

Table 11. Kaligakanda baseline survey, July 1984, quality of the dwelling (percentages)

<table>
<thead>
<tr>
<th>Quality of the house</th>
<th>Owner prior to 1973 (n=16)</th>
<th>Owner since 1973 (with deed) (n=27)</th>
<th>Tenant awaiting transfer (n=22)</th>
<th>Tenant (rent act private) (n=35)</th>
<th>Other arrangements with owner (n=17)</th>
<th>Squatter Occupant (n=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>50</td>
<td>15</td>
<td>23</td>
<td>23</td>
<td>35</td>
<td>13</td>
</tr>
<tr>
<td>Fair</td>
<td>19</td>
<td>63</td>
<td>36</td>
<td>43</td>
<td>47</td>
<td>45</td>
</tr>
<tr>
<td>Poor</td>
<td>25</td>
<td>15</td>
<td>32</td>
<td>29</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Bad</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td>5</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>

Floor area of the house (square metres)

<table>
<thead>
<tr>
<th>Floor area of the house</th>
<th>Owner prior to 1973 (n=16)</th>
<th>Owner since 1973 (with deed) (n=27)</th>
<th>Tenant awaiting transfer (n=22)</th>
<th>Tenant (rent act private) (n=35)</th>
<th>Other arrangements with owner (n=17)</th>
<th>Squatter Occupant (n=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>–</td>
<td>22</td>
<td>23</td>
<td>11</td>
<td>41</td>
<td>29</td>
</tr>
<tr>
<td>15–25</td>
<td>19</td>
<td>22</td>
<td>36</td>
<td>20</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>26 – 35</td>
<td>25</td>
<td>15</td>
<td>23</td>
<td>23</td>
<td>–</td>
<td>29</td>
</tr>
<tr>
<td>36 – 45</td>
<td>–</td>
<td>11</td>
<td>9</td>
<td>14</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>45</td>
<td>56</td>
<td>30</td>
<td>9</td>
<td>32</td>
<td>30</td>
<td>10</td>
</tr>
</tbody>
</table>

Type of kitchen

<table>
<thead>
<tr>
<th>Type of kitchen</th>
<th>Owner prior to 1973 (n=16)</th>
<th>Owner since 1973 (with deed) (n=27)</th>
<th>Tenant awaiting transfer (n=22)</th>
<th>Tenant (rent act private) (n=35)</th>
<th>Other arrangements with owner (n=17)</th>
<th>Squatter Occupant (n=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate kitchen inside the house</td>
<td>69</td>
<td>63</td>
<td>59</td>
<td>69</td>
<td>35</td>
<td>58</td>
</tr>
<tr>
<td>Inside kitchen, shared by several households</td>
<td>25</td>
<td>4</td>
<td>18</td>
<td>6</td>
<td>47</td>
<td>3</td>
</tr>
<tr>
<td>Roofed outside kitchen</td>
<td>–</td>
<td>11</td>
<td>5</td>
<td>6</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>Outside cooking place without a roof</td>
<td>–</td>
<td>7</td>
<td>–</td>
<td>3</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>No kitchen, cooking in living/bedroom</td>
<td>6</td>
<td>15</td>
<td>18</td>
<td>17</td>
<td>18</td>
<td>34</td>
</tr>
</tbody>
</table>

Dissatisfaction with quality of the house

<table>
<thead>
<tr>
<th>Dissatisfaction with quality of the house</th>
<th>Owner prior to 1973 (n=16)</th>
<th>Owner since 1973 (with deed) (n=27)</th>
<th>Tenant awaiting transfer (n=22)</th>
<th>Tenant (rent act private) (n=35)</th>
<th>Other arrangements with owner (n=17)</th>
<th>Squatter Occupant (n=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of the structure</td>
<td>13</td>
<td>15</td>
<td>55</td>
<td>26</td>
<td>47</td>
<td>42</td>
</tr>
<tr>
<td>Agreement of living space</td>
<td>44</td>
<td>33</td>
<td>77</td>
<td>46</td>
<td>76</td>
<td>66</td>
</tr>
<tr>
<td>Toilet facilities</td>
<td>31</td>
<td>41</td>
<td>45</td>
<td>46</td>
<td>65</td>
<td>47</td>
</tr>
<tr>
<td>Water supply</td>
<td>19</td>
<td>11</td>
<td>32</td>
<td>34</td>
<td>35</td>
<td>18</td>
</tr>
<tr>
<td>Area of dwelling</td>
<td>63</td>
<td>52</td>
<td>95</td>
<td>60</td>
<td>76</td>
<td>84</td>
</tr>
</tbody>
</table>

Almost 40 per cent of all households had spent money on maintenance or improvement of their houses over the last 12 months. These were mostly the owners and to a lesser degree the tenants awaiting transfer of their deed. The average amount reported was approximately Rs 1700 ($68), i.e., Rs 140 ($5.70) per month. The level of spending on house improvement had no obvious relation to the income level. The tenants awaiting transfer of deed seemed particularly anxious to improve their houses and 90 per cent expressed a great interest in applying for a home—improvement loan, once their titles were granted. The interest in home improvement loans was far less among the owners. The average monthly payments people were willing to pay for a loan was Rs 90 ($3.60), with little variation among income groups.
E. Community structure and organisation

From the outset of the SSD/NHDA involvement in the area the critical need to work very closely with the community was obvious. The comprehensive upgrading approach, including not just physical improvements but a regularization of tenure and a relocation of squatter households, needs a basic understanding of the community structure and a close collaboration with community groups. A large section of the community is well educated and has strong ideas about priorities for improvement. In the early stages of project preparation community meetings were held and discussions with community leaders took place. The area was divided into five sections and CDCs were set up with the assistance of the health warden of the Municipality. Community leaders became actively involved in the planning process.

The community is not homogeneous, however. It is composed of a mixture of employment and income groups and has people with a variety of ethnic and religious affiliations. Although predominantly Moor, there are significant Tamil and Singhalese minorities. A strong, almost possessive, feeling concerning the neighbourhood exists among the long-term Moslem residents, who have seen their area dilapidate. Nearly all community leaders are from this vocal, well-educated and better-off group of the population. Their opinions on how to improve the neighbourhood, however, do not necessarily incorporate views and problems of less advantaged groups, such as the shanty dwellers and the poorer tenants living in the most congested places. The challenge for the project team is to seek a balance in views acceptable to the different population groups. This is particularly difficult where access to land is involved; land is the most valuable and scarce asset in the neighborhood. Very few community development activities were organized in the area, and no non-governmental organization had a longer-term programme there. This further hampered efforts to integrate the community and to overcome sectoral differences.

In an area mostly dependent on common facilities, community participation in the planning of these facilities, and even more importantly in their maintenance and upkeep, is critical. From the preparatory work in the community, the need for environmental health education, information and training programmes for the development of maintenance committees is therefore deemed of utmost relevance.

F. Project formulation

The Maligakanda Inner-city Slum Improvement Project was prepared in 1983 as one of the prototypes of the IYSH Demonstration Project. It included the following components and activities:

1. Land tenure and regularization:

The regularization of land-tenure and land-occupancy patterns is the basic component of the upgrading project. When the majority of people in an upgrading area have clear and secure tenure of their property, the maintenance and improvements of houses as well as of common facilities will be stimulated. It will also increase the sense of belonging in the community. Four different activities were planned to provide as many households with a clear title or lease to their property:

- Transfer under the Ceiling on Housing Property Law of deeds to tenants whose properties are vested with the Commissioner of National Housing under the Law;

- Acquisition and vesting in the Commissioner of National Housing those properties which lack a clear rental arrangement between the owner and the tenant and subsequent issuing of NHDA leases to sitting tenants;

- Acquisition of land in gardens where there is a need for regularization of plot demarcations or where new infrastructure has to be constructed, requiring land that is now in private hands.

2. Off-site relocation:

Relocation plots will be required for shanty dwellers who cannot be provided with tenure on the land they currently occupy and for other households in the area whose plot size and floor area are below the general standards applicable in the area.

For this purpose the vacant land area along the railway belonging to the Government Railway, is to be transferred to NHDA. This is an area of approximately 2600 square metres and is to be developed as a small
site-and-services scheme consisting of 50 lots of approximately 50 square metres each with common facilities.

3. Improvement of the Infrastructure and communal services:

   – Communal services and infrastructure are to be improved where necessary and new facilities provided in the upgrading area as well as in the new relocation area, up to the minimum standards applicable for low-income residential areas:
     
     • Communal toilets, either with a sewer connection or connected to a septic tank, one for each six households;
     
     • Extension of the main waterline and provision of water standposts, one for every 10 households;
     
     • Bathing places, one for every 10 households;
     
     • Garbage containers;
     
     • Surface drainage;
     
     • Paving of access footpaths;
     
     • Streetlighting.

   – These improvements will be accompanied by various training activities and provision of information material on the importance of maintenance and on the organisation of cleaning of the common facilities.

4. Assistance for house improvement or house construction:

   Although it is supposed that the provision of secure tenure will, by itself, stimulate households to improve their houses, some financial and technical assistance would seem necessary. This is particularly the case for the category of former tenants and squatters, many of whom do not have the resources to make improvements. Currently no formal housing loans can be obtained by low-income groups from commercial banks, not even with a clear title to their property. They are dependent on expensive informal credit, on borrowing from relatives or on their own savings. Yet it seemed that many households in the low-income category were both interested in a house-improvement loan and could afford to pay for small loans. For these reasons a combination of financial and technical assistance is planned:

   – The provision of a loan option to eligible households under the Million Houses Programme loan scheme. The maximum loan for new construction is Rs 15,000 ($600). Eligible households should have an income not exceeding Rs 1200 ($48);

   – Training and information to the community on the loan provision and repayment requirements and procedures;

   – The establishment of a housing advisory service in the area and the provision of technical advice and information material to the residents;

   – The organization of training programmes for unemployed youth of the area by non-governmental organizations or by the government’s Construction Industry Training Programme (CITP).

5. Organization of community development activities and provision and improvement of community facilities

In a densely built area, serviced mainly by communal facilities, many interdependencies between people exist, even in an area with an economically and culturally heterogenous population as in Maligakanda. Upgrading activities such as regularization of the land occupancy, the relocation of households and the improvement or regrouping of houses will often change community relationships. It is imperative that the whole upgrading process is carefully worked through with the community, to ensure efficient implementation and the fair and honest distribution of the benefits of the upgrading efforts. The following community development activities are planned:
The establishment of CDCs and increasing integration of the CDCs in the planning an implementation of the upgrading project;

The training of CDC leaders and of CDC sub-committee members, such as the maintenance and loan committees.

Furthermore, existing community facilities are to be Improved:

- The improvement of the playground and the provision of play and sport equipment;
- The improvement of the community centre;
- The provision of health facilities and community services.

4.3 Malkaduwawa Semi-urban Neighbourhood Upgrading Project

A. General characteristics of the project area

Malkaduwawa is an unserviced neighbourhood just outside the town boundaries of Kurunegala Municipality and approximately 2 kilometres from the town centre. Kurunegala is one of the major towns of the North-West Province of Sri Lanka, approximately 80 kilometres north east of Colombo. According to the 1981 census, Kurunegala Municipality had 26,500 inhabitants. It is the administrative centre of Kurunegala District (see map 8).

The Malkaduwawa neighbourhood has its origin in the village expansion programme, carried out under the previous Government, in the first half of the 1970s. Under this programme, shanty dwellers living within the boundaries of Kurunegala and other surrounding townships were relocated to this unserviced colony, while their shanty dwellings were demolished. Each household was given an approximately 500 square metre plot on which to build its own house. The plots could be used for cultivation and since the area was an old coconut estate, most plots had at least 10 coconut trees growing on them. Because of its rural location and land use it was referred to as a resettlement colony.

The total area of the colony is 42.5 hectares, subdivided into 604 plots, of which 582 were given out as residential plots, while the remaining plots were reserved for public facilities (see map 9). Most plots are occupied by one household, but several plots have two households, either sharing one housing unit or living in separate houses on the same plot. According to a 1981 survey, the total population was 3155 persons, indicating an average density of 74 per hectare. A 1984 sample survey showed higher densities of 84 per hectare and an average household size of 5.3 persons (see map 9).

According to the same 1984 survey, more than half of all households are composed of a married couple and their dependent children, while 30 per cent of the households are extended households where married children are living with their parent(s) and other relatives. Very few single person households are found, or households with a single head living with dependent children. Only 18 per cent of the household heads are female.

Approximately two thirds of the households have lived in the area for more than seven years, but many households have come to live there after the resettlement period of 1970–1975. It is estimated that less then one third of all plots are occupied by the original allottees.
Map 8. Malkaduwawa and the district of Kurunegala
Malkaduwawa is a predominantly Sinhalese neighbourhood (75 per cent), with a relative large proportion of Moors (19 per cent). Considering the origin of the settlement, it is not surprising that about half of all heads of
household are self-employed, mostly in the small-scale and informal sector. They work in the town centre and only a few have their business on their plot. None of the households use their plot for the cultivation of small crops for market, nor are there people employed in the agricultural sector. Of the employed heads of household most are casually or temporarily employed as labourers, vendors etc., and a smaller proportion works as cooks, drivers, mechanics, office peons and the like. Of all heads of household 17 per cent are unemployed, but only in 4 per cent of the households is there no working household member at all. Remittances from family members working in the Middle Bast form an important contribution to the household income in many households, particularly in many of the Moor households. However, close to two thirds of the households have only one resident income earner. This very insecure employment situation of most of the households is reflected in low and irregular incomes. The median total household income in the area is only Rs 770 ($31) per month, including income of the head of household and contributions from other resident household members and from family members living abroad. The average Moor household has a higher income than the Sinhalese (see table 12).

Even though Malkaduwawa is outside the municipal boundaries, the population is effectively part of the town. Nearly all working people are employed in the town and for most services the Malkaduwawa residents are dependent on the town. On-site facilities are few, with a delapidated community centre, a mosque, a meditation centre with a Buddha statue, and a nursery school run by the Roman Catholic church. There are many schools within a short distance from Malkaduwawa, however, and the Kurunegala Hospital in town is the main medical centre used by the residents.

In 1981 UDA/SSD was requested to improve the infrastructure and services in the area as part of an upgrading programme. Many similar unserviced neighbourhoods located outside town boundaries occur in Sri Lanka and some improvement approaches, capable of wiser use, had to be developed. These areas do not come under municipal jurisdiction, yet land use patterns are urban and the population has an urban orientation. This poses special problems to an upgrading strategy. Because of its experimental character, Malkaduwawa was later selected as one of the prototype projects for the IYSH Demonstration Project.

### Table 12. Malkaduwawa baseline survey, July, 1984, employment and income

<table>
<thead>
<tr>
<th>A. Employment</th>
<th>Number (n=130)</th>
<th>Percentage</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed in public sector</td>
<td>14</td>
<td>11</td>
<td>The original owners have the highest unemployment rate (27 per cent) (high proportion of widows and female headed households). The squatters are mostly self-employed (in town centre).</td>
</tr>
<tr>
<td>Employed in private sector</td>
<td>33</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td>61</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>22</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

Temporary and casual employment is most common among the employed heads of household of Malkaduwawa; 33 per cent are labourers, 18 per cent vendors, and smaller proportions are working as cooks, drivers, mechanics, office peon etc.

Average number of working household members, 1.5. 4 per cent of households do not have any working member, 63 per cent have one working member, 22 per cent have two.

<table>
<thead>
<tr>
<th>B. Income</th>
<th>Rs. per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median</td>
<td>770</td>
</tr>
</tbody>
</table>
### Educational category

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal education</td>
<td>670</td>
</tr>
<tr>
<td>Grades 1 – 5</td>
<td>690</td>
</tr>
<tr>
<td>Grades 6–10</td>
<td>833</td>
</tr>
<tr>
<td>Grades 11–12</td>
<td>1075</td>
</tr>
</tbody>
</table>

### Sex of head of household

<table>
<thead>
<tr>
<th>Sex</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>800</td>
</tr>
<tr>
<td>Female</td>
<td>700</td>
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</tbody>
</table>

### Ethnic background

<table>
<thead>
<tr>
<th>Ethnic background</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singhalese</td>
<td>745</td>
</tr>
<tr>
<td>Moor</td>
<td>935</td>
</tr>
</tbody>
</table>

### Distribution of income

<table>
<thead>
<tr>
<th>Rs. per month</th>
<th>Income of head of household</th>
<th>Total income of household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (n=107)</td>
<td>Percentage</td>
</tr>
<tr>
<td>200</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>200 – 400</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>401 – 600</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>601 – 800</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>801 – 1000</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>1001 – 1500</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>1501 – 2000</td>
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<td>1</td>
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<tr>
<td>2001 – 2500</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2500</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### B. Physical Conditions

The topography and soil conditions of the site are basically favourable for this type of low–cost, low–density residential development. The area slopes only slightly towards the west; this makes the western section somewhat vulnerable to heavy rainfall, although real flooding occurs only seldom. The soil is a sandy clay with a good potential for soakage pits. It is favourable for homegardening and coconut cultivation. However, the sandy condition of the soil, in combination with the slope of the site, makes the area vulnerable to erosion. This has seriously affected the condition of the roads and lanes in the area, which are untarred and have insufficient stormwater drainage. Many are impassable by motor vehicles because of the deep erosion gullies, and even on foot the lanes are difficult to negotiate, particularly after dark. No streetlights are available in the area.

When the area was planned, no services were provided and the individual households were expected to dig wells and pit latrines. A few communal bathing wells have since been constructed. Approximately one third of the households have dug a well on their plot, which is used both by the resident household and the neighbours. Most of these wells are unprotected and do not have a splash area around them. They are used for bathing, washing and for drinking water and most are highly polluted. The great majority of the households have constructed a makeshift latrine on the plot, mostly consisting of a rather shallow hole surrounded by some palm leave mats. When the hole is filled another one is dug and the old pit is covered. With the growing population density the improvement of the wells and of the latrine system is a high priority. Garbage is either burnt on the plot or dumped in a household composting pit.

### C. Land tenure and housing conditions

Malkaduwawa colony is located outside the municipal boundaries and the land is owned by the Government. When the relocated shanty dwellers were given plots in Malkaduwawa in the early 1970s, it was intended to issue 99–year leases to each plotholder. Temporary permits for cultivation were given out and a register of names was prepared by the land office at Kachcheri as a first step for the issuing of leases. No further action was taken until the area was pronounced an upgrading project under the UDA/SSD in 1981. A survey done by the Government in 1981 showed that only 190 of the original 604 allottees were still living on their plots and
that 341 plots were occupied by new “owners”, who had acquired the land from the original allottees. On 73 plots squatters had settled, since the plots had been abandoned by the original occupants. This informal transfer of land has continued even more rapidly since 1981, stimulated by the anticipation of improvements to be made in the area. The 1984 survey showed that prices paid for a plot in the area could be as high as Rs 11,000 ($440). One of the objectives of the upgrading project is to find an adequate solution the land–tenure situation, a solution that can be used in other semi–urban areas like Malkaduwawa, which are increasingly drawn into the urban land market. Also, before the land–tenure situation is clarified it is impossible for the residents to acquire a loan for the improvement of their houses, which is considered another priority of the project.

The houses in the project area have a distinctly rural character. Most houses have walls of wattle and daub or palmleaf matting (cadjan), cadjan roofs and mud floors (see figures 11 and 12). Houses are small, with less than 10 per cent having a floor area of 45 square metres or more. Most houses have two rooms or a partitioned large room. The average floor area per household is 24 square metres and the average number of people per room is 2.8. Most houses have a separate kitchen or a roofed outside kitchen area. According to the 1984 survey approximately 45 per cent of all structures were in a poor or bad condition, and in need of repair.

Figure 11. Cadjan house in Malkaduwawa

Figure 12. Hud and Daub house in Malkaduwawa

There is a lot of building activity in the area, both repairs or extensions to existing houses and the incremental building of new houses. Seventy–five per cent of the households had spent money for maintenance of their house during 1983.34 Because of the large plot size, people can afford to begin the construction of a new structure next to their old one and build part of their new house, when they have saved sufficient money (see figure 13).
People's own savings are the most important source of money for improvements and for the acquisition of the house or plot. The Cheettu credit societies or middlemen (Mudalali) are apparently not used for house improvements loans. The great majority of the households expressed interest in a house improvement loan and would be willing to make monthly repayments of approximately Rs 35 ($1.40) to Rs 65 ($2.60), depending on the household income. Indeed, more than two thirds of the households mentioned the improvement and extension of their houses to be of the highest priority for upgrading in the area.

D. Community organization

Malkaduwawa is a fairly new neighbourhood and does not have a strong community structure with clearly distinctive social groupings. It has experienced a steady transfer of plots and only half of all households have lived in the neighbourhood since the resettlement period, including original owners and households which took over plots from original owners in the early years. However, since the population is quite homogeneous in socio-economic background, it proved not to be difficult to organize functional community groups. Several community organizations exist and are quite active. There is a death donation society to which approximately half of the households belong and an effective women's society. In 1977 a Rural Development Council was formed, which is the official community representative organization. The majority of the households mentioned that they regularly attend meetings held by the Development Council. Its leadership works closely with government officers and can be further stimulated and trained to deepen community participation in the project. Of further importance is that the community, although not politically homogeneous, has a good overall relationship with the Member of Parliament for the area.

Malkaduwawa has not received much input for community development activities, apart from the Government’s district administration. The Sarvodaya movement established a branch there, which mainly attracted people from the northern part of the neighbourhood. It was never in a position to create a broad–based community organization or movement. Some religious organizations supported small community development activities, such as nutrition programmes and the establishment and running of a pre–school. The Rural Development Council, under guidance from the assistant government agent, has been the co–ordinating community organization.

E. Project formulation

The involvement of the Government in the improvement of Malkaduwawa, which started in 1981, occurred in two phases. The initial focus of the upgrading project was on the provision of infrastructure and services. The first phase of the project included two major components:

1. Improvement of the infrastructure and services

The improvements of the roads and lanes, and of the toilet and bathing facilities and water provision were considered the highest priorities. Because of the semi–urban character of the area, a different set of
infrastructure and services standards was developed, which would be carefully evaluated with a view to its wider applicability. The following activities were involved:

- The improvement of the main access road and of the drainage system; the organization of community activities for the cleaning and leveling of the by-lanes;

- The provision of individual soak pit toilets on each plot. Because of the large area of the plots, individual double soak pit latrines were considered a feasible and cost-effective alternative. This type of toilet had not been used extensively in Sri Lanka, but experience in India has been positive. The cost per latrine was estimated at Rs 4000 ($160); cleaning and maintenance could be done by each individual household;

- The testing and closing of polluted wells and the provision of new common drinking and bathing wells;

- The provision of streetlights along the main road.

2. Construction of community facilities

For the first phase of the project the construction of a community centre was given the highest priority. It was planned to be a joint effort of the community and the Government, with the community providing some funds and labour. For the second phase of the project, additional community facilities were planned, e.g., a playground and improvement of the preschool.

When the first phase of the project was well under way the project was selected as a prototype for the IYSH Demonstration Project. The second phase reflects the greater emphasis placed on sustained community involvement in improving the neighbourhood, both through the provision of critical government inputs, such as land tenure and an accessible housing finance system, as well as through direct community support inputs such as information, training and advisory services. The following components were included in the second phase of the project:

3. Provision of a clear land title or lease

Various possibilities were to be explored in order to clarify the situation on informal land transfers and to grant a proper lease or title to current occupants of the plots. Possible alternatives are: vesting of the land with UDA/NHDA and issuing of 40 year leases as in other upgrading areas, or issuing land grants to both original allottees and to second owners.

4. Assistance for house improvement

The following activities are planned:

- The provision of a loan option to eligible households, based on affordable income criteria. A loan scheme may be worked out with the Rural Bank under similar conditions to the proposed loan scheme for the Wanathamulla Project. Alternatively, eligible households may apply for a loan under the Million Houses Programme Loan Scheme directly;

- Training and information for the community concerning the loan scheme and its specific requirements;

- The establishment of a housing advisory service in the area and the provision of technical advice and information material;

- Training in construction skills for eligible members of the community.

5. Community development

Various income-generating and skill training activities are planned:

- Training in home gardening to realise the potential of the large plots and increase household income;

- Training in construction techniques, sewing and other use full skills.
These activities are to be implemented by non-governmental agencies or special government agencies, since NHDA does not have the personnel required.

4.4 Navagampura and Stage Road Site-and-Services Projects

A. Background

The need for low-income housing in the urban areas cannot be fulfilled by the improvement of existing slum and shanty housing alone. A large supply of new housing is needed to provide shelter for newly formed households and to replace unupgradable stock (see chapter 2.1). While the supply of new houses for the middle- and upper-income groups can be adequately provided for by the private sector, with little direct involvement by the Government, for the low-income sector more direct government support is required to stimulate the production of a sufficient number of new houses.

The site-and-services approach, whereby building plots and basic infrastructure and services are made available to individual households, who are then responsible for the construction of their own houses, is fairly new in Sri Lanka. On a small scale it was used in urban areas as part of the slum and shanty improvement programme for the resettlement of displaced households. During the time of the formulation of the IYSH Demonstration Project, SSD was preparing for a larger-scale site-and-services approach and basic standards and implementation guidelines were being developed. Around the same time, NHDA, in collaboration with the Massachussets Institute of Technology (MIT), organized training workshops on the infrastructural and physical planning aspects of site-and-services projects, as part of the exploration efforts for the Million Houses Programme.

B. Policy and planning guidelines

Several new site-and-services projects were designed during that time, based on the following principles:

- Beneficiaries would be low-income households or a mixture of income groups if part of the development costs were to be recovered through cross-subsidy within a project. Priority would be given, at least initially, to households that would need to be resettled from slums and shanties in the vicinity of the project which could not be upgraded (for political reasons, this would generally mean slum and shanties from the same electorate);

- Beneficiaries could not own other houses in the urban areas and allottees would only be given one plot. The right of eligibility would not be transferable;

- Households would receive technical advisory assistance and a small loan, to a maximum of Rs 15,000 ($ 600), for the building of their houses, but would be expected to contribute their own labour and financial resources. Cost recovery of government investment would initially concentrate on the loan for housebuilding. Loans would be provided on the basis of affordable repayments in relation to household income. Mechanisms would be explored to recuperate costs for the provision and use of services and land;

- Building plots would be issued on the basis of 40-year leases, following the same legalisation system as the shanty land legalisation programme;

- Initial planning standards and standards for infrastructure and services would generally comply to UDA’s minimum standards for upgrading, e.g.:
  
  - A maximum plot size of 50 square metres;
  - Maximum densities of 60 plots per acre;
  - Communal toilets, connected to sewer, septic tank or soak pits: 1 toilet per 6 plots;
  - Water standposts: 1 per 10 plots;
  - Wells: 1 per 50 plots;
• Street lights: 15 lamp posts per hectare;
• Garbage containers: 1 per 40 to 50 plots;
• Motorable road: 3 metre minimum width.

The new projects would be used to test several of the planning and infrastructural standards on their overall efficiency.

– Plans would allow for incremental development and extension of services;
– Community involvement in the construction of infrastructure and services would be stimulated. Various methods would be explored:
  • Give responsibility to CDC for distinct construction tasks;
  • Use a non-governmental organization working in the area as a contractor in collaboration with CDC;
  • Use a contractor, who will be required to use community labour.

– Involvement of the Government would be short-term and communities would be prepared and trained to take as much responsibility as possible for the maintenance of services, loan collections and other tasks.

C. Selected projects

Originally, a large 500-plot site-and-service project in the northern part of the city of Colombo was selected as proto-type for the IYSH Demonstration Project. It was the first large-scale site-and-services scheme to be implemented by SSD. However the project was delayed at the landfilling stage and instead a number of other projects were selected in which a variety of experimental approaches could be implemented and appraised. The extra resources available for the IYSH Demonstration Project would be useful to evaluate specific components of selected site-and-services projects of the greatest relevance for the overall Million Houses Programme. Stace Road Sites-and-Service Scheme was selected as the actual prototype scheme for the IYSH Demonstration Project. The complexity of issues pertaining to site-and-services development, in terms of site preparation, housing consolidation, maintenance, community development and management, make it advisable not to confine inputs of the Demonstration Project to Stace Road alone. The Navagampura site-and-services scheme, which was in a relatively advanced stage of the execution at the time of the institutional transfer of the project from SSD to NHDA, has therefore been used to test selected approaches, and also appears in this case study to illustrate the steps in an ongoing learning process.

1. Navagampura

The name Navagampura means "new town" in Sinhalese. The Navagampura project was designed during a training workshop for government planners, conducted in 1982 by MIT and sponsored by NHDA and the United States Agency for International Development (USAID). It was meant to show the principles and possibilities of a site and services approach.

The project is located in the north-eastern part of the city of Colombo, along a main thoroughfare and close to centres of employment. It has 500 plots of approximately 50 square metres and is designed as a row-house development, mostly of single-storey houses. Double-storey development is planned along the main access road. Communal facilities will be provided and for some plots individual connections to water mains and septic tank will be optional.

The lay-out plan features some innovative aspects. Plots are grouped in clusters with semi-private courts where communal services are located to be used by the households of each cluster. This arrangement is expected to enhance the feeling of responsibility for the communal facilities by the users. It will also encourage social contacts within these clusters and create a sense of belonging within the larger project. A community development council will be organized in each cluster, and the leaders will be trained in the organization of maintenance groups and other community responsibilities. Clusters are of different sizes, yet have the same number of toilets and water taps (see map 10). The functioning of the cluster principle and the effects of different numbers of households sharing communal facilities on the cleanliness, maintenance and
satisfaction of the users will have to be monitored closely.

The allottees are mostly households to be resettled from nearby shanty areas which have to be demolished. The application forms show that the great majority of the heads of household are casual labourers and self-employed traders. They have irregular incomes. The majority of households indicated earnings between Rs 600 and Rs 1000 ($24 to $40) per month.

Allottees are provided with a building plot and a loan of Rs 15,000 ($600) for building the house. The loan is issued in several instalments, subsequent to the completion of certain stages of the building process. Households can make their own house plans or can select one from several type-plans available in the site office. Originally, loans were to be extended out on the basis of affordable income, but because of the urgency of resettlement and the need for households to complete a basic structure in a short period of time, loans were given irrespective of the income level of the applicant. A guarantor for the loan has to co-sign the loan document. The interest rate on the loans is 10 per cent and the repayment period can be 5, 10 or 15 years. Most households choose the 15 year repayment option, which will allow the lowest monthly repayment amount (Rs 160; $6.40). In addition service charges will have to be paid. Monthly payments will therefore amount to one third or one quarter of the monthly income for the majority of the households. This is very high for the low-income group in Sri Lanka and loan recovery and the financing of additional building costs will need to be monitored carefully.

In addition to a loan for construction, a housing advisory service is planned to be established on site. A demonstration cluster was built in earlier years and is used to demonstrate the housing options. At the same time, it is used as temporary shelter for households who are still constructing their own houses.

Map 10. Navagampura Project, Baseline Road

2. Stace Road

The Stace Road Site-and-Services Project was first designed in 1982 as a shanty relocation project by SSD and is currently being implemented by NHDA. It is located in the eastern part of the City of Colombo, close to major places of work and community facilities. Its southern boundary is formed by a main drainage canal.

It is a site of approximately 2 hectares, which has needed filling since it is located in a low-lying marshy part of the city. The land is vested UDA but the residential area will be transferred to NHDA. The project site consists of two parts. The northern part, close to the main road, is currently occupied by shanty dwellings.
These shanties will be cleared and the land will be prepared for commercial development. The major part of the site is developed as a 170−plot site−and−service project, with plots ranging from approximately 33 to 50 square metres) (see map 11). The costs of landfilling and development of the residential area will be paid for by the Government from the profits gained from the lease or sale of commercial plots. Costs of reclamation are too high to be recovered from low−income households and amount to Rs 6000 per residential plot. Allottees will be given 40−year leases, with restrictions on transfer of the property. It has not been decided whether lease−fees will be charged.

The project will be provided with communal services and infrastructure according to the minimum standard requirements.

All plots will be allocated to households which need to be resettled. There are three groups of beneficiaries:

− A group of 20 Tamil households rendered homeless after the 1983 incidents. The Government has built houses for this group, because of the need for immediate resettlement;

− Households to be resettled from the part of the Stace Road site which will be used for commercial development (approximately 50 households);

Shanty dwellers from the central city Fort area, currently living in some of the worst shanties in the city. These shanties have to be cleared to make room for a large hotel construction. Many live under the platform of the railway, where they have excavated the soil in order to form living areas with walls of cardboard, tin sheets or clothing.

Many of the shanties are owned by a shanty mudalali, a landlord who rents out these shacks for Rs 50 ($2) per month. Because of the bad living conditions, many heads of household live alone, leaving their families with relatives outside of Colombo. They live there because of the advantageous location close to the city centre where most of them work. They are employed or self−employed in such occupations as traders, hawkers, tourist guides, or sellers of lottery tickets. Although no precise income data are as yet available, estimated daily earnings for the majority of households are between Rs 25 and Rs 50 ($1 and $2). The income is, however, often insecure and irregular.

Map 11. Stace Road
Community Development Councils will be formed in these communities before relocation. In collaboration with the project officer, these will carry out the tasks of verification of bona fide residents and determination of the size of the loan amount to be provided to applicants from the community.

Allotees will receive a Rs 5000 ($200) compensation payment for the demolition of their shanty dwelling and are eligible for an NHDA loan under the Million Houses Programme of a maximum of Rs 10,000, varying according to repayment capacity. The same loan conditions apply as for the Navagamgoda project. An additional Rs 60 ($2.40) will be charged for the recovery of costs of services, which amount to approximately Rs 6000 ($240) per plot.

A housing advisory service will be established at the time of resettlement and will provide information and training in low-cost building techniques and in the use of different types of materials for housebuilding. It will give advise about plot and house lay-out plans, and it will control the building process in relation to the stages of loan disbursement.

5.0 Information and Training

5.1 Background

As discussed in previous chapters, the period in which the IYSH Development Project was developed was characterized by a gradual shift in housing policy and an experimentation with alternative strategies for low-income housing. SSD looked into different standards of infrastructure which would be more affordable, and into mechanisms of cost recovery which would enable the Government to retrieve part of the expenditures for the provision of land, services and housing loans. At the same time, ways were explored to involve the community more directly in the planning and implementation of housing projects. During this period of change, informing and training both the professional planners and the community were gaining great importance. Through information and training a greater awareness was to be created of the nature of problems of low-income housing provision, with an enhancement of motivation, commitment and skills to bring about change and a greater efficiency in the implementation of housing programmes.

With the articulation of the support approach to housing in 1984 and the subsequent move of the IYSH Demonstration Project to NHDA, the need for training and information for different target groups had become even stronger. The support approach is based on a major shift in roles and relationships between the Central Government, the local authorities, the community and the individual houseowner or tenant. The emphasis is on the devolution of decision-making and the decentralization of the administration to local authorities in order to strengthen local initiatives. In this context, training and information have been identified as key elements of the support approach.

This approach has been successfully applied in other sectors in Sri Lanka, particularly the agricultural sector. Innovations in farming methods and seed development have been successfully introduced to the farming community through a co-ordinated effort by various agencies using information and extension services.

5.2 Information

A. Project objectives for information

In 1983, when the IYSH Demonstration Project was formulated, information did not play an important role as an integral part of planning and implementing housing programmes and housing projects. There was, however, great interest in the use of information, as a way to increase communication with the community in project areas and as a way to give housing professionals in the Government and in local authorities a wider understanding about low-income housing strategies.

In the context of the IYSH Demonstration Project an ambitious multi-phase and multi-purpose information plan was formulated. Information was seen as the core of a new and more efficient approach to low-income
housing provision and as an indispensable tool to creating self-reliant communities. A special information unit was to be set up with long-term technical assistance, including a one- or two-year expatriate advisor, several local staff members and assistance to acquire equipment and other necessary support services. The mandate of the information unit would include the following components:

- The organization of information and communication activities and the development of information and documentation material aimed at the project community in support of the prototype projects and other similar projects implemented by SSD/NHDA, in close collaboration with project planners;
- The production of information material and the organization of information activities about the IYSH Demonstration Project within Sri Lanka, the region and within the international context of IYSH;
- The development, in the later phases of the Demonstration Project, of an information network within MLGHC in support of national housing policy and housing programmes.

In the early phases of the Project the emphasis would be on the provision of information assistance to the project planners, governmental and non-governmental organizations working in the project areas, and to the community and community groups. In later phases, production and wider dissemination of material about the IYSH Demonstration Project would receive more attention. The institutional development of the information unit as a central information unit within the Ministry would be a gradual process.

The type of activities to be executed for the various tasks would be decided in close collaboration with the particular client group, e.g., project planners, community development committees, government housing officials, international agencies. A variety of media would be used and in the preparatory phase of the Project, the information unit made arrangements with several professionals (photographers, artists, printers) and with a non-governmental organization specializing in video production at the community level, World View International Foundation.

B. Institutional context

The information unit was set up as an independent entity within the Centre for Housing Planning and Building (CHPB). CHPB is a training centre within MLGHC. One of the objectives of the Demonstration Project was to strengthen the training capacity of CHPB and the training unit would be able to provide a valuable input into the training programmes carried out by it. The location within CHPB would also facilitate the ultimate Ministry-wide information function the unit was supposed to develop.

In the preparation stage of the demonstration projects, communication between the information unit and the implementing institution proved to be difficult. The physical distance, as well as the varied administrative and managerial controls when considered to be hampering collaboration. Yet, collaboration between planners and information officers was critical for the development of project support activities. The decision was made to bring the information unit within the operational and administrative framework of SSD. This move occurred in June 1984.

There were, however, additional constraints to the functioning of the information component in the early phases of the Project. The implementation of the prototype projects was severely delayed and only a few information activities could be organized in the communities without raising false hopes about the projects among residents. Moreover, SSD did not have community development officers who could work closely with the community and understand their information needs. The information unit worked in a vacuum. This problem was compounded by the fact that a general planning and management system was not in place in the SSD (see chapter 6). This made the integration of different project components and the planning of information activities extremely difficult and requests for information inputs were often made at the last minute. These problems were not solved simply by integrating the information unit into the implementing agency.

With the move of SSD to NHDA, the status of the information unit has been considered again. NHDA has an agency-wide information unit which functions primarily as a public relations agency for the Million Houses Programme. That unit has a very different mandate from that of the information component of the IYSH Demonstration Project. Therefore, it has been decided to leave the information unit within the administrative structure of the Urban Housing Sub-Programme of NHDA. During the preparation phase of the Project,
attitudes towards the importance of information have changed dramatically and it is now accepted that information will be fully incorporated in the institutional structure as a crucial element of project and programme implementation. With strong emphasis in NHDA on large-scale, speedy implementation calling for strong community involvement, the information unit was forced to shift increasingly to the front line to provide much needed support communication to field activities.

5.3 Training

The housing sector in Sri Lanka depends for its personnel requirements on various professional training programmes in areas such as architecture, engineering, estate management, town planning, land surveying, etc. A training programme or course specifically focused on housing or on project planning (including economic and financial analysis of housing projects) does not exist. With the increased emphasis on low-income housing and the change in role of the individual professions in the housing field, there is a lack of personnel trained for this comprehensive, community-oriented planning function. At the same time, even though individual house owners in the low-income areas have experience in the building of their houses, no experience exists within the community with the wider aspects of planning, implementing and maintaining of infrastructure works and services, with land regularization, formal loan acquisition and repayments.

The training objectives of the Project were therefore twofold:

• To strengthen the capacity to plan and implement housing programmes, by governmental planning and implementing agencies and non-governmental agencies working in the housing sector and by community groups of low-income housing areas to plan and implement housing programmes;

• To strengthen the national training capacity in the housing and urban development sector.

The main target groups for training in this Project are thus the housing professionals in governmental and nongovernmental agencies and the communities of beneficiaries.

During the initial planning stage of the Project, the training, of project related professionals was given priority. The training was to be organized around the different phases of the IYSH Demonstration Project and would involve both technical training and managerial and organizational training in such areas as:

• The principles of project formulation and of planning, monitoring and management;

• An understanding of the characteristics and capacities of alternative types of technologies;

• An understanding of tendering procedures, the institutional context in which projects are carried out, community involvement procedures;

• Communication skills and sensitivity to the use of information.

Community training programmes were to begin only after communities were organized and project implementation had started. Community training programmes would be assisted by non-governmental organizations whenever possible and with the assistance of a Community Participation Project sponsored by UNCHS (Habitat) and the Danish International Development Agency (DANIDA). This was to prepare the community for taking on considerable responsibility for the planning, implementation and maintenance of specific project components. The following topics would be covered:

• Community leadership training;
• Training in the organization of communal labour groups and other participatory skills;
• Technical skill training;
• Environmental health training.

Training materials and technical training manuals were to be produced as an outcome of the project. This material was expected to be of particular relevance for the ongoing training of local authority staff and for NHDA staff in the regional offices.
6.0 Monitoring and evaluation

A. Background

The upgrading projects implemented by SSD were experimental in nature. New types and standards of infrastructure were tried out, different planning standards and lay−out principles were applied in various projects and implementation methods were continuously adjusted to different circumstances. However, no systematic monitoring or evaluation of projects was built into the planning process. It was a learning by doing approach based on informal sharing of experiences among the planners which were gradually turned into guidelines. However, no serious testing was undertaken.

Several project officers would carry out socio−economic surveys in the project areas in order to be able to formulate their projects more in agreement with the preferences, potentials and constrains of the community. However, each officer would use different methods and definitions of crucial variables such as household, housing unit, income, etc. Monitoring of the costs and time spent on each project was done in a rudimentary way and evaluation studies by the donors indicated a problem with considerable cost and time overruns and lack of efficient implementation procedures.

With the growth of the programme and the increased variety of the project portfolio the need for more systematic monitoring and evaluation methods was felt. The system had to be comprehensive in the sense that it would include preparation, implementation and evaluation stages of the projects and in that it would be programme oriented rather than focusing on individual projects only. It would have to focus particularly on the issues which were of greatest relevance to SSD, e.g., affordability and cost recovery, community preferences and community participation, the efficiency of the implementation process, including the information component and the feasibility, cost−effectiveness and user−satisfaction of infrastructural and planning standards.

With international assistance available through the IYSH Demonstration Project a monitoring and evaluation system was developed according to the specific needs of SSD. The initial focus was to be on the Demonstration Project, but the system would be designed to suit the monitoring and evaluation requirements of the wider SSD programme.

When SSD was incorporated into NHDA and became the core of the Urban Housing Sub−Programme various parts of the system had to be adjusted. The NHDA programme is much larger in scale and it operates through regional offices. This requires a different system of data collection. Furthermore, the emphasis is on the participation of the community in all phases and components of the project. New methods had to be designed to facilitate greater community responsibility for monitoring and evaluation of projects. There are, however, serious constraints to participation of the community in monitoring and evaluation. The various interest groups within a community often have a different degree of access to community groups through which participation is carried out; and there is generally a lack of interest in monitoring activities on the part of the community, since no direct benefits for the participants are attached. For a real participation of the community in monitoring of projects, a system of information and communication linkages must be in existence between the community and the administration, as well as some form of community organization which allows for the different groups within a community to be represented. Before the community development component of the IYSH Demonstration Project is well developed, only a limited involvement of the community in the monitoring of the projects will be possible, but the methodology should allow for a gradual increase in community participation approaches.

B. Objectives for monitoring and evaluation

The two main objectives for the design of the monitoring and evaluation system were: the provision of a feedback mechanism to planners and management during the planning and implementation phase which would facilitate a continuous learning process; and the assessment of the validity of various approaches to low−income housing and their potential for implementation on a large scale and in different contexts.

The monitoring and evaluation system was designed to incorporate the following tasks in the three main stages of project development (see chart 2):
1. Project preparation stage:

- To provide data on the target population and the project environment;
- To assess the needs of the potential beneficiary population and their priorities for the improvement of housing and services.

2. Project implementation stage:

- To monitor the progress of the project, whether inputs are used and outputs are delivered;
- To monitor the implementation process, whether services and outputs are delivered in an efficient way in terms of costs, speed, and quality and whether the intended beneficiaries are reached;
- To record the immediate results and responses of the population towards the project.

3. Post-implementation:

- To assess the impact of the project on the participants and on the low-income population in general;
- To assess the cost-effectiveness of the project in relation to other, similar approaches.

Various ways were designed to collect this information and to make it available to the managers of the programme in a timely and clear way. Under NHDA management more participatory monitoring methods will be gradually introduced.37

C. Institutional structure

In order to carry out these various tasks it was decided that a separate monitoring and evaluation unit would be created within the implementing agency (SSD/NHDA). The advantage of having an internal monitoring and evaluation unit is in the immediate relationship with the management of the projects and programme. This facilitates the responsive-ness of the unit to the changing needs for monitoring and evaluation inputs. A monitoring and evaluation unit outside the implementing agency may be more objective in its assessments, but will never have the same direct link into the management of the programme.

The usefulness of a monitoring system depends at the same time heavily on the efficiency of management. If no regular management meetings are held and if no guidance is provided by management about priorities for monitoring, the system will not work. For that reason, a lot of attention was given in the project preparation stages, to the overall management systems both in SSD and in NHDA.

D. Planning of the monitoring and evaluation system

The planning of the monitoring and evaluation system was a collaborative effort between the planners, managers and evaluation staff. Consensus was reached about the following features:

- A set of definitions for key physical and social entities;
- Selection of the critical issues to be evaluated in each project;
- Initial selection of the way to measure progress, success and results;
- Ways to monitor the implementation process regularly and the type of reporting provided to management.

The system was set up in a flexible way and was programme-rather then project-oriented. First the minimal information needed for project formulation and regular management of the whole programme was defined. Only for selected prototype projects of the housing programme would more detailed information be collected.
and would comparative evaluation studies be carried out in order to reach conclusions about the feasibility of standards and approaches.

A system of survey tools was developed, from minimum data collection to more comprehensive efforts. These instruments were designed in such a way that data files could be linked and information compared. A multi-method system of data collection was introduced for all stages of project development, from sample surveys to anthropological observation studies and participant research techniques. The staff was trained in the use of these methods and in the creative use of a combination of different methods in various situations.

The monitoring and evaluation system was gradually put in place. The stages that are realised are coupled to the development stages of the IYSH Demonstration Project. For the project preparation stage, the monitoring and evaluation system turned out to be very useful and efficient in providing all the data on the basis of which a detailed project formulation could take place. At the time of writing, the tools are in place for regular monitoring of the implementation of the Project.

7.0 Concluding remarks

The IYSH Demonstration Project on the integration of information and training in low-income housing strategies had a slow start. The Project was formulated and signed in the spring of 1983 and since it built on already planned existing low-income housing projects, it was generally assumed that the implementation of the projects would be completed by the end of 1985.

However, the Demonstration Project introduced innovative elements, which had far-reaching implications for the planning process and the institutional context in which low-income housing projects were developed. The Demonstration Project was based on the assumption that some basic components of low-income strategies were already well worked out and in place within SSD, for instance, land legalisation and regularization procedures, and community participation procedures. It was assumed that the innovative aspects of the Demonstration Project could build on these components. However, SSD was still developing and experimenting with a number of basic approaches, while major stumbling blocks in the land and legal administration procedures still remained unresolved. This complication as well as the institutional changes in the low-income housing sector, i.e. the integration of SSD into NHDA delayed the implementation of the Demonstration Project considerably.

Since early 1985, most of the institutional and procedural constraints have been resolved and with the larger implementing capacity of NHDA, the execution of the prototype projects is well under way.

This report describes the current status of the Project through the detailed project formulation, up to the implementation phase. The evaluation of the prototype projects will be the subject of a second volume which will be produced after the completion of the implementation phase. The emphasis of the evaluation will be on policy and institutional changes, innovative implementation methods and planning and design standards. For that reason the individual projects were given considerable attention in this volume. The fundamental change in the perception of institutional needs following the transfer of urban low-income shelter from SSD to NHDA, with the consequent shift of emphasis from project to programme implementation, has forced the project team as well as the sponsors to re-focus the nature of the inputs and activities. In this context instruments to promote an ever-increasing devolution of tasks and parallel involvement of the communities were and are being further explored to sustain the scale of operations.

Quick and participatory procedures for land registration and plot allocation, community participation techniques to promote the involvement of residents in the delivery of services, house construction and improvement, maintenance of services and overall management were tried out and produced useful tools for broader application. Part two of the case study will deal specifically with each of these areas of activity and with the crucial role played by information and communication techniques in each of these.

Notes and References


9. *Ibid.* Recent samples of canal water showed an intolerably high BOD (biochemical oxygen demand) content of 60 mg/litre. BOD is defined as the amount of oxygen required to remove organic matter from the water by the process of aerobic decomposition assisting in its natural purification.


13. Marga Institute, *op. cit.* ch. VIII.


16. Marga Institute, *op. cit.*


18. Areas designated as upgradable were not to be high risk areas, i.e., prone to extensive flooding and, particularly concerning inner−city slum areas, they should not be situated on highly valuable land which might be used for other urban development purposes.


21. Other sub−programmes under the Million Houses Programme being developed: private−sector housing sub−programme, plantation housing sub−programme and Mahaweli settlement housing sub−programmes.

22. K.A. Jayaratne, personal communication.


The data in this section are obtained in part from the following sources:

- SSD/UDA, 1985, Wanathanulla shanty improvement project, project formulation;


The data in this section are derived from the following sources:


Information in this section was derived from the following sources:


- Representatives of USSCF and Redd Barna, personal communications.


Information presented in this section was derived from the following sources:

- SSD/UDA, Project Formulation Document, Maligakanda, 1985

All houses vested in the Commissioner and located in areas scheduled for redevelopment, with a monthly rent of Rs 25 ($1) and below would be handed over to the sitting tenant without further compensation payments. Many properties in Maligakanda which formerly came under the Rent Control Act were in this category.

Information for this section was derived from the following sources:

- E. Selvarajah, op, cit 1983.
- SSD/UDA, Maligakanda Project Formulation Document, 1985;

This section is based on information from the following sources:


SSD/UDA Malkaduwawa Baseline Survey.


H. Liyanage and V. Pathirana, personal communication.

INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS

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