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EVALUATION & MONITORING  
THE MILLION HOUSES PROGRAMME  
SRI LANKA

Prepared for:

USAID OFFICE OF HOUSING AND URBAN PROGRAMS  
PRE/H

By:

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## I. INTRODUCTION

Section 5.10 of the Implementation Agreement for the Sri Lanka Housing Guarantee Program, 383 HG-002 noted that AID would conduct an appraisal of the Million Houses Programme (MHP) and the demonstration projects upon which the MHP Guidelines are based.

More specifically, the tasks to be undertaken in the appraisal were:

1. to review various written materials including the Project Memorandum, Shelter Program Agreement, Shelter Strategy Statements, training materials prepared by MIT and DPU, MHP Rural and Urban Guidelines, District Guidelines and other materials that would allow the appraisal team to critically evaluate the Rural and Urban Guidelines of the Million Houses Programme.
2. to analyze the technical suitability of the Housing Options and Loans Package (HOLP) of the Rural Housing Subcomponent of the Million Houses Program.
3. To appraise the suitability for future long term funding under Housing Guarantee Program of the Rural, Urban and Mahaweli components of the Million Houses Program.

### Appraisal Team

The appraisal team was composed of James M. Griffin, President, CMS, Washington, D.C., Margaret D. Woodring, A.I.A., A.I.C.P., University of California, Berkeley, and Miriam Meyer, Training Officer USAID, PRE-H, Washington, D.C. In addition to the general tasks listed above, the appraisal team each had a specific assignment as follows:

1. James M. Griffin, CMS, Washington, D.C., to analyze the proposed MHP collection system and make recommendations for improvements.
2. Margaret D. Woodring, A.I.A., A.I.C.P., University of California, Berkeley, to analyze existing NHDA and MLGHC project monitoring procedures and develop recommendations for the establishment of monitoring and evaluation systems for the MHP.
3. Miriam Meyer, USAID, PRE-H, Washington, D.C., to analyze existing training structures and develop a training plan to adequately implement the rural and urban components of the MHP. Also to be reviewed were the training needs of the Mahaweli Development Authority.

The appraisal team completed the appraisal in the period from July 16 through August 4, 1984 in Sri Lanka.

## Description of the Million Houses Programme (MHP)

The MHP, announced late in 1982, embraces all housing programs, public and private, inexpensive and costly, in the rural and urban sectors. The Housing Guarantee Program, however, will be used only for the low-income housing components in the rural housing, urban housing, estate housing and Mahaweli Project. The aid to the MHP consists of Phase II of the Sri Lanka HG program authorized in 1983. A \$14 million Implementation Agreement for 383-HG-002 was signed on April 30, 1984.

The slogan of the MHP is "Minimal intervention and maximal support by the state: - maximum involvement of homebuilders." The slogan is a restatement of the "enabling strategies" which were introduced by John Turner and others in Latin America in the early sixties. From the start the new program has had the substantial involvement of a strong Prime Minister and a housing team experienced in the 100,000 Houses Program (Annex 1).

### A. FINDINGS

1. The MHP is an ambitious program which has the benefit of an enthusiastic and motivated staff in the central office and in the districts.
2. The MHP managers have made good use of advisors from the United States and from Europe to help to structure the administrative and operations framework for the Rural Sub-Programme.
3. Only the Rural Sub-Programme of the MHP (RSPMHP) is operational.
4. The Guidelines for the RSPMHP are well defined in terms of loan delivery, but less well defined in terms of collections and procedures on defaults are the least defined element.
5. Tamil districts in the North are participating in the MHP with the cooperation of NGO's since the Gramodaya Manadala level of government is not functioning there.
6. The MHP loans to individual families in rural areas appear to be reaching target groups.

7. The RSPMHP Guidelines describe a promising program of utilities packages for groups of families or villages; however, this part of the program has not yet begun for lack of a management and financing plan for the community improvements.
8. There is no systematic monitoring in the MHP aside from a monthly report from the districts on loan deliveries (example, page 10).
9. The Mahaweli has good potential for future long term HG funding.

B. RECOMMENDATIONS

1. The NHDA should establish the framework for dealing with nonpayment of loans, including alternative procedures and legal steps to be taken in the case of default.
2. The MHP should investigate techniques such as cooperatives and mutual aid societies so that MHP options for community improvements can be made.
3. In preparing the Urban Sub-Programme Guidelines, the MLGHC should ensure that base data on the target group size, location and needs are firmly established. The objectives can thereby be more clearly stated and a monitoring system begun at the same time as the program.
4. The NHDA should establish District targets for MHP for 1985 by ascertaining the level and type of need and the demand for the housing loans in each district.
5. Cost and type of improvements made with MHP loans should be analyzed to indicate whether changes should be made in the loan amounts or interest rates of loans or in the building techniques.
6. All MHP targeted loans should have the same interest to Rs 5,000 and increase on amounts up to Rs 5,000.

7. The loan originations and collections system should be automated as suggested by the appraisal team in August. Other monitoring tasks should be automated to some extent, but automated financial monitoring is a must if the MHP is to be successful.
8. The MLGHC should direct and coordinate a systematic evaluation and monitoring for the MHP by upgrading the Division of Program Evaluation or by establishing a high level Ministry Evaluation Team.
9. The MLGHC should monitor the MHP with regard to both major goals: decentralization and improvements to housing.
10. The monitoring system should begin by using objectives already stated in the Rural Sub-Programme Guidelines, Section 16. Refinements and additions can be made as the MHP matures.
11. Care should be taken to design the evaluation framework so that policy-makers can analyze various elements in the MHP separately or in sets.

## II. GENERAL APPRAISAL OF MHP

The team was asked to look at the Million Houses Programme (MHP) to critically evaluate Guidelines produced for the Rural and Urban programs. Two members of the team visited several projects created under the MHP Rural Sub-Programme in order to:

- 1) ascertain the suitability of the Housing and Loans Package to reach the target group.
- 2) evaluate the administrative suitability of the structure of NHDA for lending and recovery in the MHP.
- 3) evaluate the collections and reporting procedures in the Rural and Urban subcomponents of MHP.

In addition, the team was asked to appraise the suitability of the Rural, Urban and Mahaweli components of the MHP for future long term funding under the HG Program.

### A. THE GUIDELINES FOR THE RURAL SUB-PROGRAMME OF THE MHP

The most important operational document in the Rural Housing Sub-Programme of MHP is the Million Houses Programme Implementation Guidelines Rural Housing Sub-Programme 1984 developed by the National Housing Development Authority and the Department of Local Government (Annex 2). Both agencies are part of the Ministry of Local Government, Housing and Construction (MLGHC) which published the Guidelines in January 1984. The Guidelines provide a set of principles of housing production based on policies to increase decentralization in planning, development and production of housing and infrastructure. Objectives for the program include:

- 1) affordability for both low-income families and the government,
- 2) emphasis on traditional building techniques and
- 3) building standards for rural self-help housing.

The objectives are to be achieved through a loan scheme which distributes small loans to low-income land owners to upgrade an existing house or to construct a new house. The loan recipients are being screened by a grassroots level of village government called a Gramodaya Mandala (GM). Rules for allocations and procedures for the Gramodaya Mandalas are stated in the Guidelines (pages 26, 27, Annex 1).

The current Guidelines are to be used for 1984 only (page 1, Annex 1) which

implies that the experience of the first year of the program nationwide will lead to changes for increased effectiveness in 1985. The Guidelines were produced based on the experience of a nine month demonstration period in which 2,172 upgrading and new housing projects were begun. The MHP demonstrations took place from March to December 1983.

A comparison of the 1983 Guidelines for Implementing the Demonstration Projects Programme Under the Million Houses Programme and the 1984 Guidelines shows improvement and refinement in many sections of the Rural Housing Sub-Programme. The Housing Options and Loan Package (HOLP) was expanded to include sites and services schemes and the selection criteria for beneficiaries were further clarified and statements on land supply and tenure were added. However, the same recovery procedure was outlined and the same default sanctions were stated. Both of these elements lacked the precision and detail found in the sections concerning the delivery system. The lack of detail is symptomatic of long-standing difficulties in recovery in earlier housing programs and less experience in design of methods for collections and monitoring the program.

As a program document, the Guidelines provide a framework for action which is much broader than has been exhibited thus far. Many of the options would require that groups of families or villages work together to select and build improvements. However, none of these group projects is underway, nor was the team able to find any planned except for a sites and services project in Negombo being planned and designed as part of the NHDA training program. MHP managers said that procedures for these projects are being designed. Given the goals of the MHP, the area of community improvements is an obvious area for increased importance.

#### B. THE URBAN SUB-PROGRAMME OF THE MHP

The work plan calls for analysis of the Urban Sub-Programme (USP) Guidelines. However, the USP has not yet begun, nor was the team able to locate draft materials for a set of guidelines to make an analysis.

Because the MHP literature encompasses housing in the broadest terms, some mention should be made of the two urban programs being run by the Slum and Shanty Division (S&SD) of the Urban Development Authority (UDA). One is the Slum and Shanty Upgrading Program which has been underway for about four years. A sub-set of that program is 7-10 projects to be completed for the International Year of Shelter for the Homeless (IYSH) in 1987.

Though the IYSH was not addressed in the work plan for the team, it was difficult to review the urban housing program without bumping into the IYSH projects and project team. The International Year of Shelter for the Homeless (IYSH) was proposed to the UN by Sri Lanka's Prime Minister, the Honorable R. Premadasa, and the Minister of Local Government, Housing and Construction. It is of interest to this report because at this point the Slum and Shanty Division (S&SD) of the Urban Development Authority (UDA) is the only urban program which might be considered part of the MHP.

The S&SD is seen by many as having a worldwide focus in 1987, the IYSH year in which an international meeting will be held in the City of Colombo. Several consultants funded by the UNCHS have been in Sri Lanka to assist the Director of S&SD and provide additional expertise in expanding the Slum and Shanty Upgrading Program. The consultants have various time commitments, from 6-8 weeks for a consultant assisting with evaluation techniques to one year or more for another consultant specializing in communication techniques. In addition, the UNCHS sends technical review teams which visit the Slum and Shanty Division quarterly.

### C. EFFECTIVENESS OF THE MHP RURAL GUIDELINES

Two members of the team visited sites where demonstration projects were undertaken by rural families under the MHP. The aim of the site visits was to evaluate the effectiveness of the MHP Rural Guidelines as the program was actively operating.

The team visited projects in five districts in Sri Lanka and spoke with NHDA District Management from seven districts. The five districts visited were Anaradhapura, Kandy, Kalutera, Kurunegala and Colombo. In Kandy, two Assistant District Managers from the Matale District met with the team to discuss the MHP issues in Matale. In addition, one of the team members was able to communicate with the District Manager of Jaffna to get information on MHP operations in the North.

#### 1. The Housing Loan Options Packages (HOLP)

##### a. Technical Suitability of the HOLP

Based on the site visits and discussions, the team was asked to assess the HOLP in terms of four issues.

- (1) Does MHP reach the target group of households below the median income?

Most of the projects in the MHP are not yet complete with many having been

allocated only the first of three or four loan installments. Therefore, to answer this question, the team depended heavily on the MHP experience in Anaradhapura where the 1983 MHP demonstration projects were concentrated. The projects which were visited did appear to be allocated to the target group identified in the Guidelines. However, in some cases, the effort to make recoverable loans may have led to selection of families in which salaried employment was counted as income, while agricultural income was not. The example is a demonstration project in Anaradhapura in which a family borrowed Rs 7,500 for a well to water crops and animals. The total cost of the well was Rs 25,000. The borrower was able to capitalize the difference between the loan and the total cost from agricultural income according to the District Manager (DM). Since the loan is at a favorable rate and targeted for families below the median income, the GM's should include all sources of income to assure that the MHP loans reach the target population.

(2) Does MHP meet the actual needs and demands of the target rural group?

There is no marketing data as such in the MHP, nor is there data on actual needs in each district, therefore the demand for MHP loans was assessed by reviewing data on loan deliveries in various districts. Table 2, which follows, shows the loan delivery performance of the MHP by district up to July 15.

A healthy demand for MHP loans exists in many districts. In the large district of Kurunegala, almost 4,000 loans have been allocated since January, well ahead of the schedule for the 1984 district target. Another 4,000 loan applications are awaiting funds which means that there will be demand into 1985. NHDA District Managers chalk up the response to well organized village GM's and to the larger than average pool of qualified borrowers in the District.

In Kalutera District by mid-July, 1,007 loans had been allocated out of a targeted 2,277 for 1984. The slower than projected response to MHP might have been anticipated by examining the response to the MHP demonstration in Kalutera. There were 12 demonstration projects in the district, all were houses to be built on land owned by the borrowers. The first installments of the construction loan were distributed between December 12, 1983 and January 6, 1984. (One MHP demo loan was noted as having begun April 8, 1984.) The performance as of July 15, 1984 is as follows:

Table 1

Number of MHP Deino	Construction Progress	Installments Distributed			
		1st	2nd	3rd	4th
3	complete	4000	1500	1000	1000
1	75%	4000	1500	1000	
6	50%	4000	1500		
2	foundation only	4000			

Jaffna and Kilinocchi Districts are in the north of Sri Lanka, where there are a majority of Tamils. Due to the aftermath of the ethnic disturbances of July 1983, many village Gramodaya Mandalas were not functioning. In order to implement the MHP in these districts, a slightly different structure for beneficiary selection was put into place using Non-Government Organizations (NGO) (Annex 3). Originally, there were three NGO members out of a five-person beneficiary selection committee. After about six months of operations another two NGO members were added to enable a quorum of four to be present. By July 15, Jaffna had disbursed 646 out of 1341 loans targeted for the district (48.17%) and Kilinocchi had disbursed 110 out of 243 (45.27%).

In order to answer the question fully, it would have been necessary to review marketing data and program monitoring data in the districts, at the central office of the NHDA and at the Ministry. However, systematic program monitoring is not yet part of MHP.

SUMMARY  
THE MILLION HOUSING

PERFORMANCE OF  
SCHEMES AS AT 15/07/84

Name of District	District Programme	District Performance	District Balance	Number of Instalments Paid				District Performance percentage with
				1st	2nd	3rd	4th	
Amapari	1080	532	548	532	47	09	01	49.26 %
Anuradhapura	1932	1949	(17)	1949	1543	1113	929	100.88 %
Badulla	1431	657	774	657	178	28	15	45.91 %
Batticaloa	909	863	46	863	108	01	06	94.94 %
Colombo	1566	581	985	581	43	11	07	37.10 % -
Galle	2871	1088	1783	1088	81	03	08	37.90 % -
Gampaha	3996	1594	2402	1594	208	92	121	39.89 %
Hambantota	1512	827	685	827	136	10	05	54.70 %
Jaffna	1341	646	695	646	52	26	03	48.17 %
Kalutara	2277	1007	1270	1007	356	91	37	44.22 % +
Kandy	3663	1690	1973	1690	705	69	14	46.14 %
Kegalle	1809	1131	678	1131	89	05	02	62.52 %
Kilinochchi	243	110	133	110	04	03	01	45.27 %
Kurunegala	4635	3579	1056	3579	390	28	12	55.64 %
Nannar	306	338	(32)	338	106	06	24	110.46 %
Natala	1566	604	962	604	121	19	17	38.57 % -
Nataru	2025	1089	936	1089	205	24	07	53.78 %
Monaragala	792	734	58	734	456	27	119	92.68 %
Mullativu	234	163	71	163	35	-	02	69.66 %
H'Elia	1251	720	531	720	137	08	08	57.55 %
Polonnaruwa	504	359	145	359	226	57	31	71.23 %
Puttalam	1656	925	731	925	221	24	18	58.86 %
Ratnapura	1638	1089	549	1089	255	05	07	66.48 %
Trincomalee	531	427	104	427	200	50	74	80.41 %
Vavuniya	216	159	57	159	33	01	02	73.61 %
<b>T O T A L</b>	<b>39984</b>	<b>22861</b>	<b>17123</b>	<b>22861</b>	<b>5934</b>	<b>1713</b>	<b>1:70</b>	

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**(3) Does the amount of the MHP loan finance the actual cost of the suggested improvement?**

On the average, the loan does cover the cost of the suggested improvement. However, when specific locations were examined, the team found that suitability of the finance package depends on the location. In the Anaradhapura District, the District Housing Committee decided to use a Rs 5,000 ceiling loan rather than the Rs 7,500 allowed by the NHDA Guidelines. The decision allowed a wider distribution of resources. Even so, many families were able to construct entire houses constructed in the traditional techniques of wattle and daub with cadjan roofs. However, in Kandy District, about 40 miles away, NHDA managers reported that local construction materials and techniques do not allow a small house to be constructed for Rs 7,500. Therefore, upgrading forms the major portion of the Rural program in Kandy District. Other districts reported that the costs were about right with only minor adjustments needed at present.

**(4) Does the HOLP match the priorities of the beneficiaries?**

In the field visits, the team was not able to determine the priorities of the beneficiaries except by noting which categories were selected by the families. This only tells part of the story when the costs of desired improvements exceed the loan amount as in the Kandy case noted above.

Also, there is a bias toward smaller loans in the policy on interest rates. The MHP Rural Guidelines provide for 3% interest for Rs 5000 and below and 6% above Rs 5,000 to Rs 7,500. The differential in rate reduces the number of borrowers for amounts above Rs 5,000. The team pointed out to NHDA managers that the practice of charging 6% on the whole amount up to Rs 7,500 meant an inequity on the first Rs 5,000. NHDA managers stated an intention to change the policy so that the interest on the first Rs 5,000 is the same for all borrowers and the interest is increased only on the portion between Rs 5000 and Rs 7,500.

The most interesting feature of the HOLP are the various utilities packages appropriate for groups of families. However, as for villages, none had been selected. According to NHDA Managers, the two most important factors which have precluded selection of utilities have been the lack of a financing method or cost recovery scheme to match the utilities package. The additional factor is that NHDA district staff has been fully occupied with the delivery of the MHP individual loans.

#### D. ADMINISTRATIVE SUITABILITY FOR LENDING AND RECOVERY

The system for lending and recovery operating in July 1984 in the central NHDA office in Colombo and in the District offices was not suitable to deliver the number of loans anticipated by the MHP. It is important to note that NHDA management was not only aware of the problems, but was already examining several alternative methods to increase the effectiveness of the MHP by shifting some of the administrative activities from NHDA and DLG staff to other entities.

The timing of the visit by the appraisal team was most fortuitous since it allowed the addition of a new alternative for MHP lending and recovery systems. The new alternative combined the benefits of several alternatives already under consideration with the added benefit derived from having the collections system automated through the services of local banks and the State Mortgage Investment Bank. If pursued, the new alternative will remove many of the existing constraints in the present system. Without the responsibility for regular collections, the NHDA staff can dedicate more time to technical assistance and to community development for the MHP.

#### E. COLLECTIONS AND REPORTING PROCEDURES

The work plan asked that the team review the collections and reporting procedures of the Rural and Urban subcomponents of the MHP. As noted previously, as of July 1984, there was no Urban subcomponent of the MHP as such, nor were there MHP Guidelines for an urban program. There was a Slum and Shanty Upgrading Program carried out by the Slum and Shanty Division (S&SD) of the Urban Development Authority (UDA). There was also an IYSH Project being undertaken by the S&SD. Neither the upgrading program nor the IYSH project had loan schemes to review, though loans were being discussed by the staff and consultants at S&SD. In May 1984, responsibility for planning for the Urban Program including Slum and Shanty Upgrading was shifted to the Additional General Manager of the NHDA, who is also managing the RSPMHP. Responsibility for development still resided with the UDA.

In the RSPMHP the collections and reporting procedures are cumbersome and time consuming. The "Procedure of Payment and Recovery of Loans Under One Million Housing Programme" dated April 3, 1984 outlines the system (Annex 4). If the program were less ambitious, perhaps the present manual system for processing loans, making collections and accounting for payments might have been sufficient.

However, the scale of the program is very demanding. In fact, seven months into the program, loan application processing was backed up between eight and ten working days. At that rate, it would take almost one month to process a loan application by the end of the year.

During the time the team visited Sri Lanka, a new alternative for collections was discussed with the NHDA. In the new alternative the changes in collections and reporting procedures would relieve the District staff of much of the accounting burden and would allow management of the MHP to monitor collections systematically. Steps for changing from the present lending and collections system to the new one were outlined and discussed with managers of MHP during the appraisal visit (Annex 5).

A more detailed analysis of collections is part of a report by team member James M. Griffin.

#### F. SUITABILITY FOR FUTURE HG PROGRAM FUNDING

##### 1. Subcomponents of MHP

The MHP has several subcomponents named in the MHP literature. They are:

- Rural,
- Urban,
- Mahaweli,
- Middle Income,
- Private Sector Housing Development.

As yet, only the Rural Sub-Programme is operational. Programs for Middle-Income Housing and Private Sector Housing Development have not been developed thus far. Policy-makers and managers are aware of the stipulation that HG funds will be used only for housing for families below the median income. The likelihood for HG funding is therefore dependent on policies which give incentives to build for that portion of the population.

##### 2. Rural Sub-Programme

The Rural program is being carried out with the same basic organizational structure as the Hundred Thousand Houses Program. Prospects for long-term funding are good if suggested changes are made in the collection and recovery scheme. Two elements make change seem likely. First, the various institutions seem motivated to cooperate. Second, the SMIB has automated procedures for collections and excess capacity in computer time and staff to handle 40,000 loans, the approximate target for 1984. There are needs to institute a systematic

monitoring effort, not only for financial elements of the program, but for all of the MHP objectives. Failure to institute these changes may jeopardize the program.

### 3. Urban Sub-Programme

Work on the Urban Sub-Programme is just beginning. There is no stated policy or guidelines on which to base a realistic assessment. The experience from 1979 to the present in the urban low-income shelter is in the Slum and Shanty Division of the UDA. In that program, all projects have been fully subsidized. Therefore, no model exists for a loan scheme for urban low-income. This is an area for technical assistance, perhaps piggy-backing on the IYSH work.

### 4. Mahaweli Sub-Programme

The Mahaweli has great potential for long-term HG funding. The Mahaweli is a large-scale economic development scheme to provide hydro-electric power and promote the agricultural sector by new and improved irrigation systems. New dams which have been built have caused relocation of families to new settlements. In addition, there is a resettlement policy, rural to rural, which attracts families from less fertile dry zone areas to the Mahaweli development area.

The characteristics which make the Mahaweli a good HG candidate are:

- a. The resettlement scheme which gives the family from a house lot of one-half acre to 2½ acres of irrigated farm land.
- b. Resettled families already given 1500 rupees to build a simple hut. If the loan program were to extend to them a loan of Rs 7,500, it would allow the building of a more substantial house.
- c. A physical infrastructure and institutional context of higher quality in the Mahaweli than in the rest of the country due to the infusion of funds for the Mahaweli Program.
- d. Low-income families whose upward mobility is virtually assured by the development of the Mahaweli system. For more information, see "Notes on Mahaweli Settlements" presented to MHP task force, November 1983 by Susil Siravardana (Annex 6).

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TRAINING

THE MILLION HOUSES PROGRAM  
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## SRI LANKA HG 001 - TRAINING APPRAISAL

### INTRODUCTION

As part of the appraisal of the Sri Lanka HG Program Phase II, one member of the appraisal team was requested to analyze the existing shelter training structure in Sri Lanka and to assess potential contributions that PRE/H could make in support of training for the implementation of both Rural and Urban Components of the Million Houses Program (MHP). Training needs of the Mahaweli Development Authority were also considered but in an exploratory fashion only. In conducting this training appraisal, Annex A of the Phase II Program Implementation Agreement was also taken into consideration which called for:

- (i) A review of the Center for Housing, Planning and Building (CHPB) in its intended role as the "apex" training institution in the shelter sector.
- (ii) A review of the significant in-house training activities of the National Housing Development Authority (NHDA).
- (iii) A reexamination by USAID and the Government of Sri Lanka (GSL) of the relationship between CHPB and NHDA in the field of training to identify complementary roles for each of them.
- (iv) A review of the role that the University of Moratuwa plays in the training of shelter sector professionals and analysis of possible means of increasing the contribution of the University and establishing closer linkages between it and the key shelter sector implementing agencies.
- (v) An evaluation of the important but expensive role of AID funded overseas training at Institutions such as the University of California at Berkeley and at Massachusetts Institute of Technology.

The appraisal was conducted over a 14 day period from July 17 - 31, 1984. Discussions were held with officials from the Ministry of Local Government, Housing and Construction (MLGHC), the NHDA, the Slum and Shanty Division (SSD) of the Urban Development Authority (UDA), the CHPB, the Local Government Training and Research Institute (LGTRI), the Department of Local Government (DLG), the Mahaweli Economic Authority (MEA), the Mahaweli Engineering and Construction Authority (MECA) and the University of Moratuwa. Given the somewhat fortuitous timing of the appraisal, discussions were also held with a number of consultants in Sri Lanka on different assignments related to the planning and implementation of the MHP and the IYSH demonstration projects. They included: Desmond McNeil and Babar Mumtaz, Development Planning Unit (DPU), University College London; Reinhard Goethert and Habil Hamdi, MIT; Yvo de Boer, Ministry of Housing, Physical Planning and Environment, Netherlands;

Roberto Bertilinghi, UNCHS technical advisor; and Marja Hoek Smit, UNCHS Consultant. Considerable time was also spent with Jeremy Hagger, Mission Housing Advisor and Riall Nolan, outgoing PSC assigned to the MLGHC. Two day long workshops held by the NHDA in conjunction with MIT and DPU were also attended.

## CONTEXT

If training was perceived as an important component of the GSL Hundred Thousand Houses Program, its importance has multiplied exponentially in the Million Houses Program. As the government shifts its role in the shelter sector from that of directly constructing houses to supporting and enabling low income families to provide for themselves, new staff roles must be established, obsolete systems and techniques discarded, and innovative planning and administrative approaches developed in their place.

In order to facilitate this transition and to carry out the rapid decentralization process upon which the MHP depends, the MLGHC has initiated a number of training programs. These training activities are targeted toward both technical and administrative staff of the key shelter implementing agencies (SSD and NHDA) as well as important representatives of the local government entities and community groups in Sri Lanka. Efforts are being made to include all categories of individuals who intervene importantly in the MHP process (Central, Regional, District, Pradeshiya Mandala, Gramodaya Mandala, homeowners, etc.) While there is no overall, comprehensive training policy under which these efforts are taking place, one is nonetheless impressed by the degree of interest in and commitment to training that is evinced by the GSL.

In order to assess how USAID can best assist the MLGHC to meet its training needs for the MHP, it is helpful to understand what is already taking place in Sri Lanka in existing institutions under various forms of sponsorship to address these needs. The following is a summary of the major programs, facilities and GSL plans for meeting training needs as ascertained during this field visit. It focuses first on training within the institutions under the Ministry of Local Government, Housing and Construction, then on the University of Moratuwa, the Mahaweli Authority and USAID sponsored overseas training. The final section of the report contains conclusions and recommendations regarding the Office of Housing's current and potential contribution to shelter training in Sri Lanka.

### I. Ministry of Local Government, Housing and Construction

#### a. Background

As the umbrella organization of all the agencies/departments involved in the planning and implementation of the Million Houses Program, the MLGHC

centrally supports a great variety of training activities (described in later sections) at the NHDA, the SSD and CHPB as well as the Department of Local Government. Considerable financial assistance for training has been granted by a number of international donors including the World Bank, the British Overseas Development Administration, the West German Konrad Adenauer Foundation, the Government of the Netherlands as well as USAID. The Ministry is currently devoting an increasing share of its overall operating budget to decentralized training activities as donors contributions become exhausted. It does not at present, however, have any staff within the Ministry who concern themselves exclusively with training for the MHP.

USAID's principle contribution at the Ministry level in support of training has been the work performed by Riall Nolan, USAID PSC assigned to the Ministry as well as the sponsorship of key ministry officials to U.S. based participant training programs. The type of assistance provided in country by the USAID PSC has included: 1) preparation of training needs assessments for the Ministry, the SSD and the NHDA, and; 2) planning and management support for a variety of training activities at CHPB, NHDA and SSD including curriculum development, materials preparation, delivery of training lectures and organization of workshops. (See Annex 1 for Summary of Nolan's activities in support of MLGHC training). A proposal was also solicited by Nolan on behalf of the MLGHC to build up the professional training capability of the Ministry and its shelter sector departments. The original proposal anticipated a 2 week in-country course given by experienced training professionals from the University of Bradford. The course would train two individuals each from SSD, MLGHC, CHPB and NHDA with the objective of establishing a core group of experienced trainers within each respective organization. These individuals would then be responsible for the training of additional staff, trainers, and so on. While the idea had considerable merit and candidates were in fact nominated from CHPB, NHDA and SSD, no action was ever taken by the Ministry. As such, the dearth of trained trainers within the Ministry poses a continuing problem.

#### b. Evaluation

A key shortcoming of the MLGHC with respect to shelter sector training is the absence of a comprehensive training policy - not unrelated perhaps to the absence of a comprehensive National Housing Policy. There are a variety of reasons why the MLGHC ought to formulate and continually review its shelter sector training policy. A formal training policy can be a useful aid to identify training needs and set the objectives and priorities against which the MLGHC's training efforts can be assessed. It will clarify the roles and responsibilities of the different agencies engaged in training and facilitate coordination among them; a service which the MLGHC could certainly profit from. The lack of coordination among various training activities of the MLGHC is not an insignificant problem, as will be discussed elsewhere. At a minimum, a training policy statement ought to:

1. Emphasize the importance of continually assessing training needs and offer broad guidelines on the subject to the agencies which are responsible for this function.
2. Specify the objectives and types of training available and relate them to different categories of personnel.
3. Define the roles and responsibilities of the network of institutions required to meet shelter sector training needs and specify the mechanisms for coordination of their operations and for monitoring their performance.
4. Offer guidelines on the financing of these activities.
5. Offer guidelines on the evaluation of training. Institutions/agencies at all levels should be asked to evaluate training programs on their own. In addition the Central Ministry should be charged with the responsibility of monitoring and evaluating the performance of all institutions engaged in training. Since evaluation of training is a complex matter, the policy statement might provide for a periodic review of the impact of training through commissions or task forces made up of representatives of user groups/Ministry officials and/or experts.

## II. CENTER FOR HOUSING PLANNING AND BUILDING

### a. Existing and Planned Activities

The CHPB was set up under the MLGHC in 1979 with assistance from the Netherlands to undertake mid career training programs for practicing professionals engaged in the Government's housing, planning and building activities. It has also received financial assistance from the World Bank through the Construction Industry Training Project (CITP), and its Director has participated in a semester long training program at U.C. Berkeley sponsored by USAID. The Center's organizational chart, a description of its main training courses and research program is contained in Annex 2. The Center's principal area of expertise has been the design and execution of training courses in Construction Management. A course in Slum and Shanty Upgrading was offered at one time, but was ultimately discontinued as it was felt to be both too long (2 mos. full-time) and too theoretical. At present, three series of courses in construction management are offered for varying levels of practitioners (Senior Construction Managers, middle and technical advisors, and new recruits to the technical grades in both private and public sector). The courses in construction management are generally considered to be of high quality and there is little question that the Center's approach to training is carefully thought out and documented (see Annex 2). The CHPB is planning in the next year to focus its attention on developing new training capability in the following areas:

- a. Housing Finance
- b. Project monitoring, evaluation and control
- c. Housing Estates Management
- d. Community Development
- e. Technical Aspects of project planning and execution.

Research projects currently underway and/or planned include:

- a. Comparative Evaluations of Selected Low-Income Upgrading Projects.
- b. Development of a Viable Housing Finance Sector in Sri Lanka
- c. Labor Productivity
- d. Impact of Rural Housing Programmes on Rural Development in Sri Lanka.

Given its limited staff capacity, the CHPB's hope is to shift its role from direct provision of training courses to supporting and managing training activities undertaken at the field or implementation level. Its principal functions would then be to: assist in assessing training needs, translate priority needs into training plans, identify possible resource persons, handle all administrative and management activities associated with the training and ensure that the training which takes place is well documented and packaged for future use.

#### **b. Evaluation**

The CHPB was originally established to serve as the focal point of all shelter related training activities - both rural and urban. It was to function as a service organization lending training and research support to the two principal implementors of the GSL's low income housing programs; NHDA and SSD. When the GSL's housing policy was based on direct construction programs for low and middle income families, CHPB's emphasis on developing construction management related skills was well founded indeed. Now, however, that the Government has dramatically shifted its housing policy to an approach based on principles of self-help construction, community participation and affordability, CHPB has failed to adjust its curriculum and work program accordingly. As a consequence, the critical training activities associated with the planning and implementation of the MHP (described later) have been undertaken by the implementing agencies themselves, outside the institutional framework of the CHPB.

While this shift has assured that the training planned will respond to urgent, operational needs of the NHDA and the SSD, these agencies have shouldered their own training responsibilities without additional staff. As a consequence, already overburdened staff within SSD and NHDA are assuming the training function that CHPB was originally intended to perform. This added responsibility impacts significantly upon the carrying out of operational responsibilities. Training activities are now taking place in all three

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organizations with seemingly little, if any, coordination between them. With scarce resources available, and certainly some overlap in training needs within NHDA, SSD and MLGHC, this situation is most unfortunate indeed.

It is all the more unfortunate that due to the failure of the CHPB to assume the role originally meant for it, international donors such as the Dutch and USAID are shifting the focus of their assistance away from the CHPB and toward the implementing agencies themselves. The training and information components of the UNCHS/Netherlands assisted SSD/IYSH demonstration projects, for example, were to have been under the purview of the CHPB but due to the above, responsibility for those activities is gradually being assumed by the Slum and Shanty Division itself. There is considerable reluctance about supporting an entity which does not, at present, appear to be making a significant contribution to the training for MHP. While there is nothing inherently wrong with NHDA and SSD organizing and developing their own training programs, this merely calls into question the utility of CHPB as a service center for the shelter agencies.

The reasons for the failure of CHPB to diversify its course offerings and respond more aggressively to the training needs of the NHDA and SSD are somewhat complex and mystifying. The principal reasons cited by the Director of the CHPB were a lack of resources and insufficient in-house expertise. A related problem has been the inability to attract and maintain a qualified professional as the Assistant Director for Housing and Planning. Given that the Director of the CHPB is also Director of the CITP project (a 14 million dollar Construction Improvement Training Project funded by the World Bank) and Managing Director of the NHDA, the resource argument has been an unconvincing one to SSD, NHDA and the donor agencies involved. One might assume that the Director of CHPB could garner the necessary resources and develop the staff expertise if so inclined. A more plausible explanation is that the Director lacks either sufficient time (due to the other responsibilities highlighted above), motivation or political backing within the MLGHC to assume the strong leadership role necessary to keep CHPB in the forefront of training for the shelter sector. The situation may change for the better when CHPB fills the long vacant position of Assistant Director for Planning and Housing, but cynics within the implementing agencies abound. The candidate whom they have selected has extensive background in the planning and organizing of training activities, though little knowledge of the housing field. He is scheduled to assume his new position in mid August barring any unforeseen circumstances.

Whether the CHPB will put its plans into action and become a more viable partner to NHDA and SSD remains to be seen. Both USAID and the Dutch have been admonishing it to do so for the last several years to little or no avail. Technical assistance has been provided to the CHPB by both Donors but it has not succeeded in bringing about the desired changes in curricula and emphasis.

Ultimately, the renewed viability of the CHPB will depend upon: 1) improved management control by the Director; 2) a strong commitment to effect a shift in curricula, and; 3) a clear definition by the MLGHC of the Center's role vis a vis NHDA and SSD and mandate as a service center. Until such a definition is made and accepted by all parties involved, there is little reason to expect that the future of CHPB will be much different from the past. It might continue to make a significant contribution in training related to construction /construction management but it will remain out of step with the operational training plans and needs of the NHDA and the SSD. With both of these important clients lacking confidence at present in the Centers ability to adequately service their needs, the CHPB will have its work cut out for it if it is to become a viable and useful resource for the MLGHC in the implementation of its housing programs.

### III. National Housing Development Agency

#### a. Background

As the agency responsible for the implementation of the Rural Housing Sub-Program of the MHP, NHDA has been active in the past year in planning and organizing training programs to support the decentralization process. USAID's PSC has provided considerable support to the NHDA, assisting it to define its training needs and priorities and to develop training plans within the context of MHP.

In August of 1983, a training needs workshop was organized with all the NHDA District Managers to discuss specific training needs for the MHP. The resulting task analysis, problem inventory and training needs list formed the basis upon which a comprehensive training plan is being developed. The training needs list, as revised throughout the year and endorsed by the NHDA itself, now includes the following broad categories of needs (excerpted from Rial Holan memo contained in Annex 3)

#### Training Skills:

- Teaching techniques
- Assessment of training needs
- Planning and organizing training
- Curriculum and development
- Evaluation of training and follow up
- Preparing training budgets

#### Project Management

- Project planning
- District and regional planning
- Personnel management
- Needs assessment

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Scheduling  
Estimating  
Technical Options  
    Sites and services planning  
    Land planning  
    Contracting procedures  
    Legal procedures  
    Appropriate technology  
    Maintenance of facilities

**Policy Making Skills**

Land Planning  
Land Economics  
Land Tenure  
Land Policy

**Information and Data Use**

Data collection  
Data processing  
Computers  
Data analysis  
Project monitoring and documentation  
Project evaluation  
Using data for forecasting

**Finance**

Loan Schemes  
Bookkeeping and accounting  
Cooperatives  
Cost recovery principles and procedures

**Community Development**

Planning and programming  
Popular participation in project work  
Group work skills

**Research**

Documentation of experience  
Critical analysis and evaluation

The main steps remaining to be taken prior to the finalization the NHDA's training plan are to: 1) assign the above training needs a priority; 2) develop a set of procedures for trainee selection; 3) devise a method for developing course/workshop curricula, and; 4) set up an evaluation system.

In addition, NHDA/MLGHC policies and procedures with regard to cost recovery and evaluation and monitoring must be finalized once and for all as it will be difficult to devise effective training interventions when several outstanding policy and management issues remain unresolved. These problems and issues have been highlighted in the sections of this appraisal which concern themselves with cost recovery, monitoring and evaluation. A number of recommendations have been made in these sections which if adopted by the NHDA will impact upon the training needs of both NHDA Central Office and field staff. Those recommendations made by the other members of the appraisal team which have training implications will be highlighted in the back of this report. Because these policy decisions/procedural issues have tremendous bearing on the successful and timely implementation of the program, they warrant immediate action.

While the USAID PSC concentrated mainly on assisting the NHDA to establish a framework for its training activities, the Massachusetts Institute of Technology and the Development Planning Unit of the University College London were engaged to help get the MHP off the ground. The original connection with MIT was made by Dunston Jayawardena, Assistant Secretary of the MLGHC, during his AID sponsored participation to an MIT Design Workshop held in August 1982. Both MIT and DPU are operating under contracts with the MLGHC funded by a combination of Ministry funds and money received under the World Bank Construction Industry Training Project. They have each been involved in a series of training workshops over the past year; MIT concentrating primarily on the technical aspects of project design and implementation and DPU focusing on the policy, planning and administrative aspects of the Rural Housing Sub program. The objectives of both sets of workshops are to support and reinforce the development of the MHP guidelines and to develop a set of operational tools for planning, evaluation and training that can be used directly by the implementing bodies themselves.

Both MIT and DPU are employing the so-called "action learning" approach to training which places primary emphasis on the practical exercise of identifying real problems being experienced under the MHP and devising solutions to those problems through the active involvement of the implementing agents. Participants in the MIT/DPU workshops include a wide cross section of government personnel, elected officials and community leaders - all of whom are relevant in some way to overall performance under the MHP. The involvement of multiple organizational levels and of implementors and beneficiaries is viewed as essential to the process of learning from joint action and strengthening local government capacity to plan and manage for itself.

The program for MIT and DPU is a rather dynamic/open ended one and has involved a series of workshops and consultancies over the past 10 months. In the case of DPU, a total of 6 workshops have now been held by the DPU team (in English and Sinhala with simultaneous translation) with participation from all district organizations. The location, dates and districts which have participated in the DPU Workshop to date are as follows:

WORKSHOP I :	February 16-10, 1984
Location :	Anuradhapura
Districts :	Anuradhapura, Jaffna, Mannar, Mullaitivu, Varuniya
WORKSHOP II:	March 26-30, 1984
Location :	Anuradhapura
Districts :	Trincomalee, Anuradhapura, Puttalam, Polannaruwa
WORKSHOP III:	March 26-30, 1984
Location :	Karunegala
Districts :	Karunegala, Matale, Gampaha
WORKSHOP IV :	April 2-6, 1984
Location :	Kandy
Districts :	Kandy, Kegalle, Nuraraeliya, Badulla
WORKSHOP V :	July 16-20, 1984
Location :	Monaragala
Districts :	Monaragala, Ampara, Batticaloa, Hambatota
WORKSHOP VI :	July 23-27,
Location :	Moratuwa
Districts :	Kalutara, Galle, Matara, Ratnapura

A final workshop for all District Managers and key Central NHDA staff is being planned for December in Colombo during which time progress achieved, and problems encountered during the first year of MHP will be evaluated and discussed.

The basic structure for these DPU led workshops has been roughly as follows. Each workshop is composed of two 2-day training sessions separated by a one day working/drafting/evaluation day. The first 2-day session is attended by District Managers (DM) Assistant Government Agents (AGA), Assistant Commissioners for Local Government (ACLG) and NHDA staff while the following session is attended by DM's, Inspectors of Works, Junior Technical Officers and Gramodaya Mandala Chairmen (GM). The workshops are also attended by selected staff from NHDA and MLGHC in Colombo and are coordinated by the NHDA Director of Training and the District Manager in which the Workshop is taking place. The first 2-day session addresses policy and programming issues of the MHP; the second session focuses on technical and community

participation aspects of project implementation. The middle day is devoted to discussion among the DPU team, NHDA staff and the DM's and to the drafting of guidelines and procedures to be discussed in subsequent sessions. The overriding objective of the workshops is to assist the NHDA and its field offices in establishing a workable set of District guidelines for the Rural Housing Sub Program. The Workshops have not covered the identical material from District to District as they are organized on a sort of rolling basis - i.e. progress/decisions made during one Workshop pertaining to implementation under the MHP are incorporated into the next workshop, and so on. By way of example, however, the most recent workshop held in Moratuwa focused on the following broad subject areas:

1. Planning and Programming for the 1985 District Guidelines
  - National Guidelines for allocation of funds among districts
  - Guidelines for the allocation of district funds to the Gramodaya Mandala.
2. Cost Recovery
  - Loan recovery and monitoring
  - Examination of existing procedures
3. Guidelines on Inter-Agency Cooperation
  - Special attention to Anuradhapura demonstration experience
4. Preparation of Training Documentation
  - Preparation of Draft Training Handbook for GM Chairmen.

The workshops are designed to identify problems and priorities. Their recommendations have included: additional training of personnel; additions/modifications/deletions to the District guidelines; strategies for project implementation at the District, PM, GM levels, and; most importantly, feed back to Central NHDA on policy problems and conflicts that can not be resolved at the district or local level.

The training conducted by MIT, on the other hand, is focused on the physical design and planning and aspects of the MHP. The MIT team has been conducting a complementary set of workshops (conducted only in English) in the field during roughly the same time frame as DPU. This enables both sets of teams to meet together with the NHDA to assess progress and develop future strategies. MIT has both a sub-contract to DPU as well as a separate contract with NHDA covering several long term research/consultancy efforts. The Workshops conducted by MIT are of two basic types; one associated with the training of Junior Technical Officers (JTOs) and administrative personnel

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responsible for implementation under the MHP and the other involving central office architects and engineers in the design and planning for selected NHDA pilot projects.

In the first case, the workshops are closely coordinated with DPU to meet the needs for technical training at the local level. The main emphasis of these workshops has been on developing a training course for Junior Technical Officers that can be replicated on a wider scale by the NHDA itself. Under the MHP, JTOs are responsible for overseeing/assisting in the implementation of the MHP at the local level; assisting applicants/loan recipients to develop cost effective solutions to their shelter problems and monitoring how loans disbursed are actually being spent. The first workshop on this subject was held in Kandy in March of 1984. Suggestions on the requisite training content of a JTO training course were made and incorporated by MIT into plans for developing a Training of Trainers Program for the next workshop.

During July, a one-week workshop was then held to field test the training material that had emerged from the previous session. A cadre of 6 JTOs had been selected by the NHDA to become Trainers themselves and they participated in the first part of the Workshop held by the MIT team. The objective of this session was to train this core group of trainers in methods for devising and implementing local JTO training programs which develop the local skills necessary for successful implementation of the MHP.

The second part of the Workshop was structured to give the newly trained trainers an opportunity to carry out a training session for other JTOs under the supervision and guidance of the MIT team. To assist the trainers, a draft guidebook was developed by MIT following the original pilot workshop that had been held in Kandy. The guidebook set out a procedure for undertaking the task of training JTOs and suggested a number of useful guidelines. During this Workshop session, the Trainer's Guidebook was then tested and critiqued by the participants. A final document will be developed by December which incorporates the comments and suggestions resulting from the Workshop session. The intention is now for this core group of trainers to circulate throughout the Island training other JTO trainers who will in turn train other JTOs, etc.

The second set of workshops conducted by the MIT team revolve around the programming and design of low income settlements using actual pilot NHDA projects as the workshop medium. The NHDA is using these workshops as a means to upgrade its staff skill levels in the area of project design for urban areas. The two case studies currently being designed are; the Nava Gamoda project at Baseline Road and the Kadolkellewatte project in Negombo. Participants are drawn from the practicing architects and engineers within NHDA and SSD and, in the case of Negombo, engineers from the Greater Colombo Economic Council and the Municipality itself. The 18 persons who attended the Kadolkellewatte design workshop (July 23-26) are the same individuals who are

responsible for the actual planning and design of the project. The 4 day workshop involved a number of different elements; presentation of the basic site parameters, background studies prepared by the NHDA, dwelling, site and user surveys conducted by working groups on location, program discussion, determination of the physical and socio-economic parameters, individual studies, presentation of procedures and techniques and, finally, the preparation of draft site designs with various cost implications.

The overall aim of the workshop is to: 1) evaluate the NHDA policies and projects goals for the site; 2) summarize user perceptions, needs and aspirations based on several site visits; and 3) conduct a physical evaluation with specific attention to dwelling type, site layout and cost considerations. The workshop is based on the active involvement of the participants with the MIT team facilitating the interaction and lending its expertise throughout.

The design workshops being conducted by MIT are but one element of a broader joint MIT/NHDA program of research that is being undertaken in two phases. The first phase is summarized in the report prepared by MIT entitled: Housing Options for Sri Lanka: A Program of Opportunities for Settlement Design. The document was developed as a working framework to assist the GSL in assuming its new role as "facilitator" rather than "provider". The intention of Phase I as stated in the introduction of this document was to: 1) work from specific project development studies toward general issues; 2) serve as a resource/catalyst to various NHDA working teams; 3) develop the necessary tools for training Sri Lankan professionals in the housing process; 4) draw on the case studies in Sri Lanka as benchmarks for future development strategies, and; 5) focus on the technical aspects of implementation.

The Phase I report provides the context under which Phase II research and related training is being undertaken. The principal project areas under Phase II are:

1. Preparation of operational tools for planning, evaluation and training. The package of tools is entitled: Catalogs of Housing Opportunities - Information for Community Enablers (CHOICE).
2. Evaluation procedures for projects built under the demonstration program.
3. Documentation of the Baseline Road design and planning principles.
4. Preparation and assistance for the Kadolkellwotte project.

One of the major research efforts in Phase II involves the preparation and field testing of Sites, Houses and Services Guidelines for use by the NHDA (the CHOICE package). It includes sections on: options for dwelling design

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layout; construction and costs; development options for settlement design, lot division and utilities, and frameworks for pricing and cost recovery. A draft of this document was prepared and discussed with NHDA officials during previous field visits and their comments and suggestions are being incorporated into the final draft. To begin the actual field testing of the guidelines, the Kadokellewatte project team is referring to the draft copies of these Guidelines in preparing the development plans and project options for the Kadokellewatte site.

In sum, the training/research presently being conducted by both MIT and DPU is attempting to integrate collective resolution of problems into the management process of the MHP and to the administrative structure of the NHDA. The consulting activities are aimed at augmenting the problem solving capacities of the implementors rather than solving the problems for them. Attention appears to be given in both consulting and training activities to improving organizational structures and systems. According to the NHDA training coordinator, research outputs are being fed back into additional training sessions and training materials in a continuing process.

Unless additional funds are appropriated by NHDA/MLGHC or the international donor community, DPU's and possibly MIT's involvement is scheduled to terminate in December. Discussions appear nevertheless to be continuing between NHDA, MIT and DPU regarding future collaborative efforts. MIT for example has proposed that NHDA establish a "Center for Strategic Research" for which MIT would act as a resource. They have also suggested a project documenting the experience of the MHP over the course of its implementation life.

In addition to the MIT/DPU related activities, the NHDA has also undertaken several other decentralized training activities supportive of the MHP at the local level. Overall planning for the training activities (including those mentioned previously) is managed at the Central Office by the Director of the Training and Information unit and plans are currently being made to add additional staff to this unit. An example of the kind of training organized is a 5-day orientation workshop for senior technical officers to familiarize them with the shift in emphasis from western building standards to traditional building techniques and materials. Those senior officers then became orienters/trainers for the District technical officers and Inspectors of Works and so on down through the decentralized structure. The model is to keep information regarding the MHP moving through the administrative structure of NHDA and local government in as cost effective a manner as possible. Orientation sessions have also been held for district office accounting staff to acquaint them with the concepts of the MHP; the HOLP package and the procedures for loan disbursement and recovery.

In the area of improving basic building skills there appears to be no dearth of training opportunities. Perhaps the most ambitious effort underway is that of the Construction Industry Training Project (CITP) funded by the

World Bank. CIP provides training in basic carpentry and masonry skills and has already trained some 20,000 individuals in Sri Lanka. Some considerable funding still remains of the original \$14 million budget and the program has been extended through 1985. The CIP/NHDA staff is planning to reapply to the World Bank for additional assistance with the hope of shifting some of the focus of future skills training toward administrative and management needs of decentralized local government with particular emphasis on the MHP. The main emphasis of the second phase project design will remain however on construction training needs for both public and private sectors.

The Ministry of Labor has also recently announced that it will provide its "utmost support" to the MHP in the form of vocational training in building skills. There are presently 6 vocational training centers in Sri Lanka established with Dutch aid and plans are being made to open 3 more. According to the Ministry, seven thousand masons and carpenters are trained annually through these centers.

With respect to local government training needs, NHDA is attempting to coordinate its efforts with the Department of Local Government and the Local Government Training and Research Institute (LGTRI). The LGTRI has been running a training program for the Gramodaya Mandala since May 1982. It was originally funded by a grant from the West German Konrad Adenauer foundation, but since the dispersal of the grant, the program is being funded entirely from central MLGHC resources. (See Annex 4 for listing of LGTRI activities). According to the LGTRI, approximately 2,300 GM Chairman (or designees) have been trained at the local level in such areas as elementary accounting and bookkeeping, project planning and community participation techniques.

As is evident from the MHP Rural Housing Sub Program Guidelines, GM Chairmen will play a critical role in the successful implementation of the MHP. As such, NHDA is now taking the lead role in coordinating with the LGTRI to develop training programs for GM relating to the MHP. Training sessions are already being organized collectively by the NHDA (DMs) and DLG/ACLG to focus on the specific roles and responsibilities of the GM Chairmen with respect to the MHP (i.e. promotion of the MHP and HOLP scheme, identification/selection of borrowers and suitable development projects, accounting systems for MHP etc.) Also, as mentioned previously DPU is helping the NHDA to develop a Training of Gramodaya Mandala Handbook.

#### b. Evaluation

NHDA has made considerable progress this year toward developing and implementing a training strategy for the Million Houses Program. It appears to be coordinating its activities well with local government entities and it is making a significant contribution toward strengthening the capacity of local authorities to plan and manage development activities for themselves. Its emphasis on the decentralized field structure is very well placed. The NHDA also seems to be employing its consultants to good advantage, using them

to build a training/problem solving capacity within the NHDA that will in the long run prove far more effective than continuous reliance on outside assistance. The structure of the MIT/DPU workshops/consultancies is a model well worth repeating elsewhere.

The major shortcoming of the training taking place at the district level derives in large measure from the dynamic nature of the MHP program. Because the guidelines are in a continuous state of flux, with district staff being trained and oriented at different times, the substance covered in each workshop often differs from place to place. For example, those staff members who participated in the first DPU workshop did so prior to many changes having been made in the guidelines and operating procedures governing the MHP. This points to the critical need for the NHDA central staff to ensure through whatever means possible (monthly meetings, fliers, constant communication) that District Managers are informed of the latest change in operating procedures so that they can in turn inform the staff and community leaders at the local level. Training and monitoring will be only as effective as the management framework within which they operate.

Also, as pointed out in the sections of this appraisal devoted to cost recovery and evaluation and monitoring, district level staff are being trained to administer a massive loan program which has some important procedural and policy flaws. While it is important for expatriate consultants to respond to the stated demands and needs of their client institution, it is their professional responsibility to critically evaluate the program design and suggest change where change is due. Many of the shortcomings of the current cost recovery system highlighted in other sections of this report should have been addressed much earlier in the planning and implementation of the MHP. In order to improve the overall efficiency of the NHDA to administer and manage the MHP, it has been recommended that it:

1. Streamline the procedures and documents used in the lending process
2. Implement a system to constantly monitor and evaluate the performance of the MHP at the national district and local levels
3. Develop an automated tracking system capable of tracking loan transactions and overall program progress at the Gramodaya Mandala, Pradeshiya Mandalas, and District Office levels.

Should the policy/procedural changes recommended in those sections be adopted, staff who have already been trained in one system of record keeping and implementation procedures would have to discard those and be trained and/or oriented in whatever new systems are developed. This will be particularly true at the Gramodaya Mandala and district level. Also, to the extent that the State Mortgage Investment Bank and commercial Sri Lankan Banks become involved in management of the MHP loan portfolio, their personnel will

also require some degree of training. This is perhaps less a question of training however, than one of clarification and communication of revised and simplified operating procedures. More in this regard will be included in the recommendations for PRE/H contained in the final section of this report.

#### IV. SLUM AND SHANTY DIVISION OF THE URBAN DEVELOPMENT AUTHORITY

Most of the training programs currently being run by the Slum and Shanty Division are related to the IYSH Urban Upgrading Demonstration Projects. While it was originally intended that the Center for Housing, Planning and Building (CHPB) take an active role in the provision of training support for the IYSH projects, many of the training responsibilities have in fact been shouldered by the SSD and its expatriate consultants. Simply put, CHPB does not at present have the expertise in slum and shanty upgrading/sites and services that is necessary to develop, manage or carry out effective training programs.

The four IYSH demonstration projects are attempting to integrate training, information and physical improvements into an urban low income shelter policy. The projects are being partially funded and are receiving technical assistance from UNCHS, and the Governments of the Netherlands and Denmark. All are interested in both the training as well as the participatory aspects of the demonstration projects.

In the meantime, however, a comprehensive training plan for the entire SSD staff is being developed by the Director of the SSD though it was unavailable at the time of this appraisal. It covers such areas as collection and analysis of data, project planning and management, upgrading strategies, community participation, monitoring and evaluation and interpretation of maps and aerial photographs. A series of workshops for SSD have and continue to be organized on various aspects of project planning and implementation (USAID PSC participated in several of the previous sessions). Considerable work has also been done on the drafting of a training manual for the organization and implementation of surveys as well as on the development of Community participation policy upon which future training activities would be based.

Some of the SSD staff have also participated in the NHDA/MIT design workshops though this appears to be the extent of coordination/cooperation between NHDA and SSD. Just, for example, as NHDA and MIT are preparing a sites and services/upgrading handbook, so too is the Director of the SSD. This lack of coordination between the rural and urban implementors is intimately linked to personalities, politics and the uncertain future location of the SSD in the MLGHC structure. It points however once again to the need for a clarification of roles and the development of a comprehensive Ministry wide training policy.

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The Director of the Slum and Shanty Division intends to use his own staff and expatriate technical advisors to develop a series of training courses, curricula and materials to support all major components of urban upgrading and sites and services strategies. His long term objective for the SSD is to develop the necessary training skills, curricula and experience in urban projects that will enable SSD to function as a training resource for all municipalities/urban councils in Sri Lanka engaged in the planning and development of urban shelter/infrastructure projects.

The concept of SSD functioning as a service organization to other municipalities is one which is very much in keeping with the tenor of the World Bank Urban Sector report for Sri Lanka. The sector report recommends a concerted move toward the decentralization and strengthening of local authorities. Until, however, several complex policy issues are addressed such as land acquisition policy and cost recovery for urban projects, the administration of urban shelter programs by local authorities is likely to remain an ideal rather than a reality.

#### V. NON-MLGHC SHELTER RELATED TRAINING

##### a. University of Moratuwa:

The University of Moratuwa is the major technical University in Sri Lanka offering graduate and post graduate degrees in Architecture, Building Economics and Town and Country Planning. Approximately 75 students received their professional diplomas in those three fields during academic year 1983-1984. According to a member of the Planning faculty, roughly 30 percent of these students practice abroad upon completion of their studies while most of the rest obtain private sector employment in Sri Lanka. Due to its extremely low salaries, the government finds it difficult to attract many of the University's students. There are, however, arrangements made whereby government professional staff can matriculate into the University on full-time paid leave. For example, there are at present 5 students on leave from the Urban Development Authority. The only stipulation of such assistance is that the individuals return to their original place of work for some agreed upon period of time.

The University's major operational link to the MLGHC is through the UDA. The urban development course for example taught at the University is conducted jointly with the UDA. There is also a fair amount of interchange between the University faculty and students and the NHDA and UDA. University of Moratuwa faculty participate as lecturers in training courses at the CHPB or as research associates. NHDA/UDA staff on the other hand are occasionally asked by the University to participate on student final examination panels. According to the faculty, students are encouraged to emphasize practical areas of study for their major research dissertation and they often rely quite

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heavily on the resources of the NHDA/UDA. Topics of recent student research projects include:

- Problems and implications in the provision of physical infrastructure to low income households: A study of areas in the Wanethanmulla in Dehinela Canal Bank
- An appraisal of resource mobilization for urban development with special reference to the housing sector in Colombo.
- The potentials and constraints of current planning legislation: proposal for an appropriate legal framework.

A \$50,000 grant proposal is currently being developed by the University of California at Berkeley to establish a tri-partite training, research and development program with the CHPB, the University of Moratuwa and Center for Environmental Design and Research at Berkeley. As presently envisioned, the project would cover a period of two years with sufficient funding to enable 2 graduate students from Berkeley to spend four months each of the two years in Sri Lanka.

The students would work in tandem with graduate students from the University of Moratuwa and under the supervision of the three institutions involved. The focus of their research work would be determined jointly by a Research Council composed of representatives from each of the participating institutions including the NHDA. Efforts would be made to ensure that research projects selected would be directly related to subjects of particular relevance to the Rural, Urban or Mahaweli subprograms of the Million Houses Program.

Both the University of Moratuwa and CHPB have expressed support for this proposal and are very much interested in improving their links with Berkeley. Berkeley has for some time now been involved in the training of senior level Sri Lankan housing officials at the University itself. This proposed program is a positive step toward strengthening the links between professional practice and academic education in Sri Lanka and furthering the interchanges between these institutions on issues of practical relevance to the GSL's housing program.

#### **b. U.S. based participant training supported by USAID**

Over the past several years since the negotiation of the first HG loan, AID has sponsored the participation of a number of Sri Lankans to U.S. based participant training programs. The experience gained by the now Director for Planning at the MLGHC and the NHDA Assistant General Manager in charge of the Rural Housing Subprogram at the Office of Housing's Annual Shelter Workshop has often, in fact, been cited as a principal factor in the dramatic shift in GSL housing policy away from expensive direct construction to more affordable housing solutions for the poor.

Sponsorship of other candidates for U.S. training has continued over the past several years. Two Sri Lankans will in fact be attending the 2-week Design/Urban Upgrading Workshop at MIT in August; one a Deputy Director of the NHDA, and the other the Chief Architect of the Mahaweli Engineering and Construction Authority. Seven Sri Lankans have also participated in the widely praised training program at Berkeley mentioned above.

While each of the seven participants prepared extensive research projects during their stay at Berkeley, their work appears to have been insufficiently utilized upon their return. Candidates for the most part seem to have been nominated with little regard to how their training would complement the operational/research needs of the main implementing bodies. With no criteria for selection and no overall MLGHC training policy, the selection of candidates has been somewhat of a hit or miss proposition. Both the GSL as well as USAID should bear the responsibility for failing to ensure that the investment in both time and money was used to maximum advantage. As emphasized earlier, not enough is being done to ensure that that knowledge gained overseas is imparted in any systematic way to others within the Sri Lankan professional community.

### c. MAHAWELI AUTHORITY

The Mahaweli Authority is engaged in a major, hydro-electric agricultural resettlement program in the Mahaweli district of Sri Lanka. The program intends to develop over 900,000 acres of irrigated land and to resettle roughly 200,000 families in the newly developed areas. During the appraisal, exploratory meetings were held with officials from both the Mahaweli Economic Authority (MEA) and the Mahaweli Engineering and Construction Authority (MECA) to discuss the Mahaweli resettlement scheme and to preliminarily approach the subject of training and technical assistance needs related to housing development under the proposed scheme.

To date, the only training activity financed by USAID related to the Mahaweli Authority has been the sponsorship of two MEA and MECA officials to overseas training courses. As the Mahaweli resettlement scheme offers potential opportunities for a new Housing Guaranty project, the sponsorship of key MEA/MECA staff has been viewed as an excellent means to establish a dialog with the principle implementing institutions.

Under the present resettlement scheme, MECA has responsibility for all technical/construction aspects of the Mahaweli development effort. However, they have only recently begun to focus attention on housing development schemes per se. The architectural staff has begun to develop a set of housing prototypes for the development efforts. The MEA on the other hand has primary responsibility for all administrative/management/financial aspects of the project including settler selection, rural extension services, community

development, etc. At present, the resettlement scheme consists of allocating each relocated family a 1/2 acre lot for housing construction and an additional 2.5 acres for crop cultivation. A grant of 1,500 rupees per family is given to help meet their basic shelter needs and food assistance is granted for a period of 2 years.

Neither the MEA or the MECA have Officers within their respective agencies charged with responsibility for training. Because they have only recently begun to think about housing development schemes, discussions of possible training needs were somewhat premature. It was suggested to them however that a considerable body of experience in housing development/training already exists in Sri Lanka within the MLGHC and that MEA/MECA could certainly profit from investigating the experience of NHDA in implementing the Rural Housing Sub-program. The training methods and courses being developed in the MLGHC for the RHSP could certainly be adapted and transferred to the Mahaweli Resettlement schemes.

It is uncertain as yet how the GSL intends to carry out the Mahaweli sub-component of the MHP. Until those guidelines have been developed and the roles and responsibilities of the housing development implementors have been defined, actual training activities are not likely to be pursued. Once the guidelines have been developed however an appropriate step to encourage would be a systematic assessment of training needs under this subprogram.

#### VI. CONCLUSIONS/RECOMMENDATIONS FOR FUTURE OFFICE OF HOUSING TRAINING SUPPORT

As highlighted in the previous sections, a good deal of in-service training is already taking place in support of the Million Houses Program. The training agendas of both the NHDA and SSD have been developed internally within those respective agencies and are being implemented (at least thus far) with little pecuniary assistance from USAID. Financial support for these training activities has come, for the most part, from the World Bank, the Government of the Netherlands, UNCHS and the GSL itself. Given some level of continued support for MHP training by other bi-multilateral donors, the question becomes one of how PRE/H can best intervene with remaining or potential grant resources to either:

- complement on-going efforts
- initiate/support new training activities in areas not now receiving adequate attention.

Some of the recommendations listed below relate specifically to on-going implementation needs of the MHP while others recommend more long-range technical assistance and training support. Some recommendations carry specific cost implications for AID and others will require no more than continued dialog and monitoring by the Mission Housing Advisor. It is clear,

however, that there are limits to the degree of influence that AID can exert over the future direction of training (and thus implementation) without: 1) a new PSC or more and sustained technical assistance missions, or; 2) underwriting at least in part of the training related operating expenses. There does appear to be some intention of supporting training activities as evident in both the scope of the Grant Agreement and in the section of the Implementation agreement which states that:

"The MLGHC shall consult with AID concerning its needs for manpower training as such needs shall be manifested in current or future manpower assessments. AID shall use its best efforts to finance mutually agreed upon training needs for citizens of Sri Lanka working in the shelter and related sectors".

There are also certain advantages to lending financial support which will be highlighted in the appropriate sections below:

1. The Mission Housing Advisor should actively support the formulation of an overall MLGHC training policy and should condition financial support for future training endeavors on the progress achieved toward developing one. It is important that the objectives of training programs and the guidelines for planning, directing and monitoring this activity be laid down as part of an integrated policy.

2. PRE/H should continue through the Mission Housing Advisor (or future PSC) to seek the institutionalization/documentation of existing and future MHP training experience. It should encourage the MLGHC to define as part of the above policy what the respective roles and expectations are of: NHDA, SSD and CHPB.

3. The Mission Housing Advisor should encourage the MLGHC to ensure that the training methods, curricula and materials being developed by the implementing agencies can be shared between them and unnecessary duplication of effort avoided.

4. PRE/H (MHA) should assist the MLGHC in the monitoring and evaluation of training for the MHP, especially with respect to potential AID funded activity. Where resources are allocated to approved training programs (including sponsorship of overseas participant training programs) mechanisms should be established for periodic monitoring of inputs and outputs, however imperfect.

5. PRE/H should continue to sponsor participants to U.S. based training programs only after an acceptable nomination and selection procedure has been developed by the MLGHC and agreed to by the Mission Housing Advisor. To make the investment worthwhile, sponsorship to U.S. based training must be linked directly to the policy, research and training needs of the key implementing agencies. Individuals selected for sponsorship should represent important

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contributors to the design and execution of housing schemes in Sri Lanka. The subjects selected for intensive study at programs such as that of U.C. Berkeley should relate specifically to the immediate, practical research and development needs of the implementing bodies (NHDA, SSD, HDFC, SMIB, MEA, MECA, University of Moratuwa). Specific arrangements should be made by both the MHA and GSL to debrief participants upon their return and to develop a plan for how the training experience gained overseas can best be shared with the widest possible audience in-country (e.g. dissemination of research papers, workshops, seminars, etc).

6. PRE/H should assist the NHDA, SSD CHPB and MLGHC to strengthen their own training capabilities. A possible means for doing so would be to finance the Training of Trainers proposal solicited earlier from the University of Bradford by the AID PSC. The idea should be discussed in greater detail with the above agencies to see how it fits in with their current training plans and priorities. The objective would be to equip two individuals each from the NHDA, CHPB, SSD and MLGHC with the basic training skills necessary to design and plan their own training sessions. The individuals selected to participate would be those who are already entrusted with training responsibilities (and are insufficiently equipped to handle them) or those who are expected to assume them (e.g. new CHPB staff).

Estimated Cost of 14 day Workshop \$13,000

7. PRE/H (MHA) should, where appropriate, attempt to link future technical assistance missions to in-country training needs assessments/activities. Technical assistance should attempt where possible to build a process/training capability whereby work will continue following the consultant's departure (e.g. MIT/DPU model). For example, if the objective of strengthening the staff capacity of the HDFC of Sri Lanka is determined to be a high priority (as suggested by the Beheymer report), future technical assistance in support of HDFC should explore training needs in greater detail.

8. PRE/H should support the preparation of an SMIB training needs assessment, once the future role of the institution is defined with regard to loan monitoring and recovery under the Million Houses Program. The grant budget for FY 1985 included \$50,000 for HDFC/India to provide technical assistance to SMIB/Sri Lanka. Potential PRE/H support for specific SMIB staff training should be evaluated following the completion of this anticipated consultancy.

9. PRE/H should strongly support the MIT/NHDA proposal to establish a research/documentation project of the MHP and should consider underwriting some, if not all, of the cost. It is conceivable that the scope of work contemplated for this project could/should be accomplished under the Cooperative Agreement/IPA arrangement that PRE/H is currently considering with MIT. If the Mission Housing Advisor and RHUDO/Asia are in agreement on the value of such an effort, the possibility of including Sri Lanka in the above mentioned Cooperative Agreement can be explored in Washington.

The basic objective of this project would be to review, evaluate and document the experience of GSL and USAID in implementing the MHP. It would provide the basis for a detailed case study and would reinforce the learning process in Sri Lanka by documenting actual experience and administrative bottlenecks. It would also serve to develop general principles derived from specific projects and programs that can contribute to the general body of knowledge in this field. The Sri Lankan experience of implementing a housing program at scale with the size and complexity of the need, is one which the international housing community will be following with great interest. This is particularly true in view of the International Year of Shelter for the Homeless scheduled for 1987 and originally introduced by the Prime Minister of Sri Lanka. The arguments in favor of PRE/H financial support of this project are the following. 1) to have a measure of control over both the scope and conduct of the research; 2) to capitalize on the degree of international interest in the MHP and the promotional value of such a study for the Housing Guaranty Program; 3) to underscore USAID's role in the financing and development of the MHP (MIT is currently more closely associated with the program than is USAID) and; 4) to enable PRE/H to publish the work as an Occasional Paper and to use the case study in its Annual Shelter Workshop.

10. PRE/H should also support in whatever way possible the proposal to establish a tripartite training, research and development program with the University of Moratuwa, the CHPB and the University of California at Berkeley. The Mission Housing Adviser should play a facilitating role to assist these linkages in developing. Should the funding from the Skaggs foundation grant fail to materialize, PRE/H should consider underwriting the expenses incurred by graduate students working in country.

11. PRE/H should consider funding a continuation of the joint MIT/DPU/NHDA training program once all other potential funding resources have been exhausted. Both MIT and DPU have established strong and positive links in Sri Lanka and the process of program development, institution building and training they are engaged in with NDHA is one which should not, if at all possible, be interrupted in mid-stream.

12. PRE/H (MHA) should continue to assess the need for training in the urban sub-program of the Million Houses Program; the same is true for the Mahaweli Sub program once the housing strategy has been defined.

13. If the recommendation made elsewhere in this report (Cost Recovery Section) is adopted, i.e. to design a management information system for the NHDA, PRE/H should underwrite the costs associated with training NHDA personnel in its use and maintenance. If the MHP loan portfolio is transferred to SMIB and private Sri Lankan banks as recommended, consideration should also be given to sending two senior level NHDA and SMIB staff members (from the finance/accounting departments) for two weeks to CMS in Washington to familiarize them with how other similar loan programs are designed and administered.

Estimated Budget: \$18,300 (includes transportation, per diem, training, materials, etc.)