



REHABILITATING THE INTERNALLY DISPLACED – INDIA'S HOUSING PROJECT IN SRI LANKA

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India's development cooperation with Sri Lanka has grown remarkably in size and sectoral coverage over the last few decades. A major Indian initiative in recent times has been the implementation of the Indian Housing Project (IHP) in support of Sri Lanka's effort towards post-conflict rehabilitation of internally displaced persons (IDPs). Apart from discussing the effectiveness in the implementation of the IHP, this policy brief provides a few recommendations for greater effectiveness of similar projects in the future.

Introduction

Indo-Sri Lankan development cooperation is a multi-dimensional partnership. Over the past few decades, it has grown in magnitude and has been diversified by building close relationships not only at the political level, but in areas as varied as trade, investment, science and technology, defence and humanitarian assistance during times of natural calamities. Besides economic and commercial interests, geostrategic, political and regional security considerations greatly influence India's development partnership with Sri Lanka. India's intention to consolidate its position as a regional power and its concerns relating to the growing presence of China in Sri Lanka and South Asia in general have also been influencing its development cooperation paradigm with the island nation in recent years.

India's development cooperation strategy aims to assist Sri Lanka in building its own capacities and strengthening its poverty alleviation and economic growth efforts. India has always endeavoured to align its development assistance with Sri Lankan national plans and priorities. Sri Lanka has been one of the major recipients of development assistance from India with total development finance advanced adding up to US\$2.63 billion including US\$458 million provided as grants.¹

While most loans are advanced through the EXIM Bank of India as Lines of Credit (LoCs), development finance given as grants are provided by the Government of India. Between 2008 and 2016, the maximum share of India's commitments in Sri Lanka have been in railways (48.7 per cent), followed by water supply (23.3 per cent) and livelihoods (14.4 per cent). Further, India has been extending humanitarian assistance to Sri Lanka during times of natural calamities and emergencies like the Indian Ocean tsunami in 2004, heavy flooding and landslides in 2016, and instances of drought and floods during 2017.²

Armed Conflict and a Humanitarian Crisis

Sri Lanka's Tamil speaking minority lives mostly in the Northern and Eastern provinces of the country. In 1983, the Liberation Tigers of Tamil Eelam (LTTE), a separatist militant organisation began their armed struggle for creating an independent state for Tamils. The prolonged civil war came to an end only by 2009 when the Sri Lankan army defeated the LTTE completely. Apart from having to reconstruct war-shattered infrastructure and its economy, Sri Lanka had to confront a major humanitarian crisis in the form of rehabilitating more than 300,000 internally displaced persons (IDPs).

The civil war had destroyed or damaged houses of tens of thousands of people in the Northern and Eastern Provinces in addition to the damage it caused to the physical infrastructure and livelihood opportunities.³ At the end of the war, a majority of the displaced families were housed in temporary shelters in refugee camps mostly built by humanitarian agencies. Later, after their lands were cleared of landmines, many were sent in batches to their place of origin while others had to be rehabilitated elsewhere. Most of those who returned to their villages found their homes destroyed, their land taken over by the local flora and wild animals.⁴

Post-Civil War Assistance from India

After the civil war, India extended immediate relief and assistance to IDPs from the war zone. This included 2.5 lakh family relief packs, medicines worth INR 225 million, an emergency field hospital in Pulmodai, artificial limb refitment camps in northern Sri Lanka, materials for the construction of temporary shelters, etc. In the next stage, resettlement and livelihood assistance were provided by India. It included deployment of seven de-mining teams in residential areas and various programmes to strengthen the local economy and means of livelihood through reviving the agriculture and fishing sectors. A project led by Self Employed Women's Association (SEWA) was also started to ensure sustainable livelihoods for destitute women in the Eastern Province.

In its effort to resettle and rehabilitate IDPs and enable them to return to a normal life, the Government of India (GoI) chalked out a major housing project. An MoU was signed between the governments of India and Sri Lanka on 17 January 2012. This grant assistance project is among the largest of its kind undertaken by India in a partner country.

India's Housing Project for the IDPs

The Indian Housing Project (IHP), with a commitment of US\$270 million as grants assistance, involves the construction and repair of 50,000 houses for IDPs in the Northern, Eastern, Central and Uva provinces. The houses are built in an owner-driven model under which the beneficiaries are directly involved in the construction of their houses. While the Indian government arranged financial assistance and technical support, the owner-beneficiaries had to undertake the construction/repair of their houses by themselves. Funds were transferred to the bank accounts of the beneficiaries in instalments by the High Commission of India, and the disbursement was linked to the completion of the different stages of construction. Financial assistance amounted to LKR 550,000 (in four instalments) per beneficiary for a new construction or LKR 250,000 (in three instalments) for repairing a damaged house.⁵ The beneficiaries were expected to contribute towards any shortfall in the grant assistance.

The GoI had appointed four reputed Implementing Agencies (IAs) viz. UN-Habitat, International Federation of Red Cross and Red Crescent Societies (IFRC) in partnership with the Sri Lanka Red Cross (SLRC), the National Housing Development Authority (NHDA) of Sri Lanka and Habitat for Humanity (HfH). These IAs provided technical guidance and supervision. The project was implemented by these agencies in close coordination with the Sri Lankan government, High Commission of India, and local communities.⁶ As construction/repairs progressed, the money was transferred directly from the Indian High Commission in Colombo into the bank accounts of the beneficiaries in instalments, on the recommendation of the respective implementing agency.

Each new house had a minimum plinth area of 550 square feet with two bedrooms, a living room, a kitchen and a toilet. The beneficiary families were given the freedom to choose from a few plans and they had the flexibility to adapt the design to their own individual tastes and needs within the prescribed parameters.

The pilot project construction of 1,000 houses was completed in 2012 itself. The construction and repair of 45,000 houses in the Northern and Eastern Provinces were completed by 2016. The third phase of the IHP involved the construction of 4,000 houses for estate workers in the Central and Uva Provinces.⁷ In addition to the 50,000 houses of the housing project, in 2017, GoI announced the construction of an additional 10,000 houses for estate workers.⁸

Why is the IHP a success?

1. **Efficient Implementation:** During the field survey undertaken as a part of this study, it was observed that all the beneficiaries and other stakeholders were unanimous in their appreciation of the efficient implementation of the IHP. Entrusting the project implementation to four reputed IAs played a major role. Moreover, the IHP had been fully in line with the policies, procedures and priorities of the Sri Lankan government. The IAs took care to maintain the standards stipulated by the authorities. Progress and follow up actions were regularly reviewed by District and Divisional level Coordinating Committees ensuring smooth implementation.
2. **Objectivity and transparency:** Well-defined criteria have been followed to ensure objectivity and transparency in the selection of beneficiaries. A grievance-redressal mechanism was also in place to receive complaints and conduct public enquiries if necessary.
3. **Quality through 'Owner-driven' Model:** Since the housing project followed an 'owner-driven' model, the beneficiaries were directly involved in the construction of their houses. As the owner was responsible for the planning, implementation and monitoring of the construction work of the house, it ensured greater construction quality.
4. **Cost-effectiveness:** Community level initiatives such as Village Reconstruction Committees were formed and training programmes on construction-related activities were provided to the beneficiaries by the IAs.⁹ Local artisans were introduced to alternative cost-effective construction practices, favourable to the local environment and contributing to local economies.

Room for Improvement

The field survey conducted among the IHP beneficiaries to analyse the development effectiveness of the project covered 11 villages in the Northern Province including nine Tamil, one Sinhala and one Muslim (Moor) villages. Almost all beneficiary families and other stakeholders considered the IHP to be more successful with greater positive features than any other housing projects supported by other donor agencies. However, many respondents in various Focus Group Discussions (FGDs) felt that since the houses were mostly built on the beneficiaries' own land, the project could not ensure provision for drinking water, health, sanitation, education, transport and such facilities to all beneficiaries. Further, as the scoring system that was followed in the selection of the beneficiaries had prioritised families of a larger size, a few cases of single women / widows being left out were reported. Indebtedness of the beneficiary households was an indirect negative impact of the housing project. The construction cost overruns and availing of loans for improvements on dwellings, etc. have led to indebtedness of many beneficiary households. The attempts of the families to acquire consumer durables and gadgets for the newly built houses through the so-called 'easy-payment' system from leasing companies, formed yet another major contributor to the growing indebtedness of some beneficiaries.

Policy Recommendations to Enhance Effectiveness

The IHP in Sri Lanka has been widely appreciated for its positive features that could be replicated in future projects. Based on the experiences of the planning and implementation of the project, the following suggestions could be useful for policy formulation regarding similar projects in future:

1. **Promote owner-driven system in housing projects:** As the owner-driven strategy followed in the IHP has been successful and appreciated by all stakeholders, it could serve as a template to be employed in such projects in the future.
2. **Efficient implementation:** Entrusting the task of construction management and coordination to prominent implementing agencies such as the UN-Habitat could guarantee effectiveness of the project implementation.
3. **Ensuring better quality construction:** The construction quality of stone and cement homes built under the IHP was considered to be much better than those built by other agencies and more suited to people's needs and environment.
4. **Inclusive selection process:** A comprehensive and flexible selection process could be evolved in order to avoid leaving out any deserving beneficiary.
5. **Comprehensive packages needed:** By involving both the donor and recipient governments, the resettlement and rehabilitation plan should be a comprehensive package including housing, livelihoods support and other basic social support services to better meet the needs of displaced people.
6. **Need for community-based support systems:** As part of any rehabilitation projects for displaced people due to war or natural calamities, effective programmes should be set up to provide for grievance-redressal and psychosocial support of affected people.
7. **Participation of local bodies:** Involvement of administrative bodies at the provincial and local levels would make the project more inclusive and transparent.
8. **Greater role for NGOs/CSOs:** Involvement of local NGOs/CSOs will increase national ownership, improve public participation, reduce corruption and provide reliable feedback for policy formulation and efficient implementation.
9. **Ensuring transparency and accountability:** Regular monitoring and evaluation of the projects together with opportunity for public scrutiny would improve transparency and accountability of such partnerships.
10. **Emphasis on capacity building and social sector for sustainable growth:** In addition to the investment in infrastructure and construction activities, higher social sector investment, particularly in health and education services, is required to promote employment opportunities and livelihoods in order to achieve economic recovery and sustainable growth in the partner country.

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