

## **Proposed Construction of 65,000 houses in the North and East: A Statement by Concerned Civil Society Organisations and Individuals**

The government of Sri Lanka's commitment to deliver 65,000 houses to war affected communities in the Northern and Eastern provinces through the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs is welcome. The government's readiness to embrace responsibility for such a programme can help fulfill the right to housing and enhance post-war social development. However, there are significant concerns regarding the process so far and the overall approach because it sidelines lessons and insights from recent programmes and Sri Lanka's rich history in housing policy.

### **Lack of an overall policy and institutional framework**

There is no evidence that a clear policy and institutional framework or mechanism has been developed to oversee the programme. A programme of such magnitude must bring together the knowledge and experience available with various agencies of the state—from the National Housing Development Authority (NHDA) to the Urban Development Authority and the National Physical Planning Department to district, divisional, and local government bodies. Effective horizontal institutional integration rather than centralisation is crucial to building on lessons learnt and transferring expertise and knowledge.

### **Equity concerns**

The lack of an overall policy framework also means there is no justification for the number 65,000. There is a significant shortfall of houses in the North and East but this number is an especially serious concern because no criteria of eligibility have been developed and it is not clear how the number of beneficiaries was arrived at and how they will be identified. Moreover, the cost per house has been pegged at over 2 million rupees. Apart from the fact that the basis for this costing is unclear, it is also four times the amount in the Indian Housing Project and significantly more than all other housing programmes completed or currently underway. Apart from inequities and multiple standards, it risks precipitating tensions within communities and undermining ongoing programmes.

### **Sidelining community-driven and owner-led approaches**

The contractor-driven approach being advocated by the programme ignores the benefits of a people-centered and owner-led approach to housing borne out by over 35 years of domestic experience pioneered in Sri Lanka and evaluations of post-crisis housing programmes in several other countries. Such an approach enjoys higher beneficiary and community acceptance in comparison to contractor-driven projects because it enables a true sense of ownership, adaptability and sensitivity to evolving needs as well as beliefs and traditions regarding space and structure.

Indebtedness in relation to housing programmes in the north and east has arisen because of the absence of equitable and non-exploitative financing modality and other reasons including a lack of secure and remunerative livelihoods. It is not a result of being owner-driven. Rather than address these and other concerns with regard to recent housing programmes, a major policy shift in favour of contractors is being envisaged without sufficient explanation.

## **Risk of missing economic integration, livelihoods promotion and multiplier effects**

Community-driven approaches to housing are significantly cheaper and also more compatible with local labour, materials, and contractors and supply chains. Contractor-driven approaches, absent clear guidelines, are not conducive to strengthening local industry and the economic fabric or generating livelihoods. We are especially concerned that contractors may import expertise, materials or even labour to maximize profits. Besides losses for the local and national economy, incurring foreign debt to the tune of nearly \$1 billion for a project rushed through without proper consultation and planning is a cause for additional concern.

## **Land, spatial, and environmental concerns**

A programme of this magnitude must be preceded by identification of suitable lands and as settlement planning that takes into account social, legal and environmental concerns. The multitude of land ownership and tenure issues, a continuing source of tension across both regions, and the lack of clarity regarding locations and land-use raise further concerns regarding unsustainable land use, deforestation, and impact on water resources.

## **Concerns with the contractual process**

The call for expressions of interest (EOI) was issued on October 4, 2015 and final bids opened on 28<sup>th</sup> December 2015—a very short window for a project of this magnitude. Though almost all 15 initially shortlisted parties appealed for an extension of the deadline for submitting final bids from the 18<sup>th</sup> December 2015 to late January 2016, it was extended only up until 28<sup>th</sup> December—only by three working days. Only 8 final bid proposals were submitted, most without adequate financial guarantees mainly due to lack of time. The priority appears to be speed above all else—the time period for the project was reduced from 5 to 4 years after the tendering process began. The design and construction specifications are either arbitrary or incomplete and contractual conditions unclear, raising possibilities of delays, contractual claims and cost over-runs. Besides, no effective risk management framework has been outlined.

## **The way forward**

Given the social, economic and political significance of this programme, we urge a thorough review of the current plan, approach and contracting process of the 65,000 houses project. We urge that the programme be comprehensively but expeditiously redesigned in keeping with the following principles emerging from Sri Lanka's pioneering history in the field of housing:

- Full participation and an owner-led approach integrating community mobilization.
- Ensuring equity amongst beneficiaries of different housing programmes.
- Just resolution of land tenure and title issues and joint or co-ownership for women.
- Environmentally sustainable and disaster resilient planning.
- Ensuring promotion of livelihoods and local and national supply-chains.
- Integrating multiple institutional capacities and mandates at all levels of government.
- Establishing an equitable, universally accessible non-exploitative financing modality.
- Pursuing transparent and sound procurement processes that maximize national value.

These principles must underpin all housing programmes for vulnerable communities so they can deliver adequate shelter, equity and meaningful social development outcomes.