

Progress Report
Housing Development Fund,
Funded by SELAVIP and Executed by
The women's Development Banks Federation

Introduction

Shelter is a basic and essential human right. The provision of this basic and essential human right can be a catalyst for economic development. Any form of economic development can be frustrated if decent shelter is not available for all. Therefore development of housing finances system which responds to the needs of all sections of the population, and in particular to the needs of the poor should be an essential component of any poverty alleviation program. In Sri Lanka over the last two decades the government has made an exceptional effort to provide housing finance to low income families. Under the Million Houses Program and 1.5 Million Houses Program the National Housing Development Authority (NHDA) has succeeded in increasing low income access to housing finance in urban and rural areas alike. This government intervention of providing housing finance has now been slowed down.

The state Mortgage and Investment Bank (SMIB), and the Housing Development and Finance Corporation (HDFC) have become the main providers of housing finance. Both these institutions maintain a conventional approach to housing finance. The eligibility criteria they use for housing finance are mainly based on the level and stability of income. They maintain standard formulas on the computation of loan repayment installments. They need collateral mainly in the form of title to land. Their procedure are lengthy and complication.

These procedure of the conventional financial institutions has become barriers for the poor. They cannot reach these institutions to meet their housing finance requirements. Their incomes are not stable. They do not possess good titles for their land rights. They are not knowledgeable to follow the lengthy and complicated procedures. The low income households cannot satisfy the loan criteria of these conventional financing institutions.

Under this situation the member of the Women's development Bank wanted to explore alternative sources to meet this gap. The Women's development Bank in reviewing the housing conditions of its membership has found most of them did not have decent shelter to live. Even the houses they have are lacking in essential facilities. About 70% of them did not have toilets, about 50% used unprotected huts as their kitchens, and very few had separates water supplies. These conditions have lead to large number of social and sanitary complications. The poor with a very limited income were not willing to use their small saving to acquire these facilities. According to their social attitudes and values these were not priority areas to invest their small savings. They are used to construct their houses on incremental basis. In these process toilets, kitchen and water services are the last items in their priority lists.

They first build the front portion with a living room with a temporary hut as the kitchen, and then go on adding as their small savings permit them.

Under this scenario Women's development Bank decided to provide them with loans for constructing kitchens, toilets & wells etc. As the Women's development Bank considered them as basic necessities to improve the quality of life of its members. For this purpose Women's development Bank used its funds collected for the Insurance scheme "SURAKSHI", introduced to support members in occasions of funerals, hospitalization or other disasters. Still it could tackle only a fraction of this problem. Although the Women's development Bank had the ambition and the will to meet this need of its poor membership, it could not shoulder this responsibility alone without external support. In this critical situation Women's development Bank got the opportunity to meet Rev.Fr.Jorge Anzprena, SJ at the ceremony held in Philippine to present the Magsaysay Award to Mr. Jockin Arputham of National Slum Dwellers Federation, Bombay, India. When the problem was discussed with the Fr.Anzorena, he generously agreed to help. According in May 2002 Women's development Bank received US\$ 20000 FROM SELAVIP to start a Housing Development Fund for financing housing needs of the poor.

Women's development Bank Federation (WDBF)

Women's development Bank is a national level organization as a legal entity registered in 2001 as a non profit making company as Women's development Service Ltd. It is popularly known as Women's development Bank It is formed to coordinate and brings together around 1090 saving and Credit groups in about 450 urban & rural communities in 09 out of 25 districts in Sri Lanka. It is promoted by JANARUKULA, a non government organization engaged in alleviation of poverty in Sri Lanka since 1994.

It is a self reliant membership organization based in low income communities engaged in a mission to put the the resources, ideas and support of its members to solves their own problems on the co-operative principle of self and mutual help.

It has out reach programs to low income communities providing small short term loans which low income families can afford to pay off in the foreseeable future.

Small saving of the members are used to provide small loans to fellow members to meet their emergency needs and also to commence and carry out income generating activities.

It is a bottom up organization which consists of 50 to 10 member groups meeting weekly to decide and plan the courses of action for the ensuring week and review the action taken by them during the current week to improve their resource capacity independent of any external interference. The leaders of the Groups take the problems that the Groups cannot tackle at group level to the respective Primary Branch. Primary branch is a federation of bout 05 of such groups. About five of such branches get together and formalize their economic transactions by registering it as an area based primary co-operative society under the Cooperative Societies Law of Sri Lanka. Women's Development Bank is the umbrella organization which provides external support, managerial skills, co-ordination and facilitation to these co-operative societies which have become the institutional

members of the Women's Development Bank. The membership of the Women's Development Bank is spread as follows:

NO	DISTRICT	ELECTORATE	PRIMARY BRANCHES	GROUPS	MEMBERS
1	Colombo	02	03	175	1102
2	Gampaha	06	11	190	1450
3	Kurunagala	07	21	325	2600
4	Nuwara-Eliya	02	13	252	1900
5	Anuradhapura	03	04	60	312
6	Puttalam	02	03	33	210
7	Kandy	02	02	40	200
8	Mathale	01	01	10	60
9	Kegalle	01	-	05	40
	Total	26	58	1090	7874

Membership of a Primary Bank Branch is given only to the poor women who have come through the Women's Group. Members should go through several loan stages obtaining and duly settling the loans before they become matured to obtain bigger loans. This scheme is explained in the following Table.

LOAN SCHEME

Stage	Time Frame (months)	Loan Size (per member)	Description
Stage 01	0-5 minimum	RS 100/=	Issued by the group form accumulated saving
Stage 02	03 minimum	RS 500/=	(in addition to emergency Loans from the group) - Consumption Loans - Small scale income generating loans
		RS 500/=	
		RS 500/=	
Stage 03	18 maximum	RS 1000/=	- Consumption Loans - Small scale income generating loans - Other loans
		RS 1500/=	
		RS 2000/=	
Stage 04	Onwards	RS 2000/=	- Consumption loans are limited to RS 2000.00 - Small scale income generating loan up to RS 20000.00 - Ceremonial Loans (short time) 5000.00-10000.00
		RS 5000/=	
		RS 10000/=	
		RS 15000/=	
		RS 20000/=	

In its loan procedure real property collateral is not an issue. Security for loans is a combination of:

- Saving
- Group guarantee,
- Group member's knowledge of the borrower,
- His need for the loan and
- His repayment capacity.

It has established a record recovery rate of 99+%. Its individual members are poor women. Some are in stable wage employment. Others are self employed who work for their own account and unskilled laborers who work on casual basis to different masters. It has experience in providing micro finance credit for the last 8 years. During this period it has disbursed loans to the tune of Rs.56 Million which include about Rs.19 Million for housing. These loans had the following characteristics

- Loans are small, average size is Rs.25000 with a maximum for Rs.100000
- Loans are short term, usually for 3 to 5 year with by maximum period of 10 years
- Interesting rate determined as a cost recovery measure. As most of its activities are done on self help and mutual help basis its overheads are negligible. Interest charged over and above the actual cost is returned to the members as interest on their savings and rebate calculated in terms of their respective transactions. According effective rate of interest is much lesser than the market rate of interest
- Borrower's household income is in the Rs.3000 to Rs.5000 range. This income bracket does not qualify for a conventional loan
- Borrower's credibility is assessed mainly on the financial behavior rather than on collateral
- All the members have a savings and borrowing track record. Their initial borrowing starts from the Group Fund are a fund collected by the group from its members weekly as their compulsory savings. Minimum contribution that a member has to save per week is Rs.5. Number of members in a group is 05-10. Fund is immediately given as a loan to the neediest member of that day. Bigger loans are provided by the branches. Branches are the federations of 5 or more groups
- Continuous interactions and relationships are maintained by the groups and the branches and the centre with the borrower.
- Lending procedure is simple, flexible and determined by the members themselves

Housing Development Fund

According to the economic data of the members of the Women's Development Bank a number of its members do not have decent shelter. Most of them are in the process of building their houses on incremental basis as they cannot afford large long term mortgage loans available to middle to middle and upper income families from conventional housing institutions.

Women's Development Bank being a bank built, owned and operated by and for these poor women, decided to include housing finance from its inception to its package of micro credit provided to poor members. These loans were garneted out of the savings of the members. However the loans that could be provided were small. Hence houses had to be constructed only on incremental basis. Members did not want to use theses small loans to construct kitchens, toilets or wells. They did not consider theses facilities as priority items. Most of the low income house holds use the beach or forest as their toilets. Some are used to share the toilets of neighbors. They use small temporary huts adjoining their houses as kitchens. For water they use common wells, river or common taps.

Women Development Bank considered that there should be some sort of incentive to change these inherent attitudes and behaviors of the low income house holds. They want to these facilities only if they could get some external fund.

When the Women's Development Bank received the SELAVIP grant of US\$ 20000 given with the generosity of Rev. Fr. Jorge SJ to use as a Housing Development Fund to grant loans to the poor, the Women's Development Bank was struggling with its self financing housing finance scheme in a very limited way. SELAVIP grant became a source of strength to boost this program.

The Scope

Provision of housing finance has been an essential item of the agenda of the Women's Development Bank from its inception. However being an organization which depended mainly on the saving of the poor women in Sri Lanka it could implement this important program only in a limited way. The receipt of the grant from the SELAVIP in May 2002 became a strong source of strength to boost this program. It decided to implement its first phase in the following districts on experimental basis.

1. Kurunagala District
2. Nuwara Eliya District
3. Gampaha District
4. Anuradhapura District
5. Matale District

Studies have shown a large numbers of the Membership of the Women's Development Bank in these five districts did not posses individual toilets. Both males and females and young and adults of these families use the jungle, sea beach or some other unsecured, unprotected and environmentally not friendly open places for defecation etc.

The selection of the Districts was done by the National Council of the Women's Development Bank. They entrusted the project to the District organizations selected the suitable primary branches. The selection of the participating beneficiaries is done by the primary branches through their base groups. Finally the responsibility for the granting of the loans and recovery there of rests on the base groups.

Methodology following in implementing the Housing Finance Program

When the Women's Development Bank received the SELAVIP grant its National council took the following decisions

1. SELVIP GRANT should be used as a separate Revolving Fund for Housing to meet the housing finance needs of the present members as well as future members as a continuous program
2. Loan program should be implemented only in the areas where WDB poverty alleviation program is being implemented. The Women leaders of the relevant branches or district societies should decide the "Grama Seva" division (Administrative division at the lowest level in Sri Lanka) at which the program should be implemented. A survey should be conducted by the women leaders to ascertain the member families who do not have kitchens, toilets or water services.
3. Along with the above survey reports a rapport should be established with the local level public officers like Public Health Inspector (PHI), technical officer of the relevant local authority, and the Grama Seva Officers (GSO Village/Community level public officer) PHI will be helpful to obtain clearance about sanitary and environmental matters and also to educate the prospective borrowers on the importance of having individual toilets, separate kitchens and water service. Technical officers will be helpful in a acquiring cost effective technique. GSO' intervention is important to clear disputes regarding land rights. A special working committee should be established by the relevant WDB branch or the district society which implement this program.
4. Loans should be given to the members in the following order of priority
 - a) Construction of individual toilets
 - b) Construction of kitchen attached to existing houses
 - c) Construction of wells or obtaining individual pipe burn water supply
5. The other housing needs should be considered only after providing the above needs of the existing membership
6. WDB funds already utilized for providing housing finance to membership should be considered as an advance from the WDB to the Revolving Fund

7. The following criteria should be followed in deciding, granting and recovering loans

Purpose	Amount	Repayment Period	Installment size	Interest	Borrowers contribution
Toilets	5000-15000	3 to 7 years	100 above	18% p.a	10% of the
Kitchens	10000-50000	3 to 5 years	Minimum 500	18%	10%
Wells	10000-15000	3 to 5 years	250 above	18%	10%

In case where prospective borrowers face financial difficulties to settle installment payments, the Women's Developments Bank should intervene to provide loan facilities to him out of member's savings. Branches which grant the loans have the discretion to determine or adjust the loan installment to suit the particular borrower, on the request of the member and the recommendation of the borrowers Group.

8. Advance payment, loan installments, and recovered all should be credited to the Revolving Fund. Along with each installments Rs.100 should be recovered as compulsory to the revolving fund.
9. All decisions regarding the approval of the loan should be taken by the WDB branch or the District society as the case may be and should be submitted to the centre for obtaining the required fund as one lump sum for all applicants
10. Wherever possible material requirements should be procured collectively and distributed among the individual borrowers.
11. When constructions are completed arrangement should be made to obtain a completion report from the relevant public officers that have involved in this program

Progress Achieved

Position of the Housing Development Fund before and after the receipt of the SELAVIP grant is explained below:

PROGRESS ON HOUSING DEVELOPMENT FUND BEFORE AND AFTER RECERPT OF SELVIP GRANT

PERIOD	LOAN AMOUNT		LOANS FOR TOILETS	LOANS FOR WELLS	LOANS FOR KITCHENS	TOTAL BENEFICIARIES
	IN RUPEES	IN US \$				
Before SELAVIP Grant	920500	9660	07	07	38	52
From May 02 up to 31.12.02	2216687	23335	161	05	21	187
Total	3137187	33025	168	12	59	239

Under this program up to 31st December 2002, Rupees three million one hundred and thirty seven (Rs.3,137,187) or US\$ thirty three thousand and twenty five (US\$.33,025) have been disbursed for construction of 168 toilets ,12 wells and 59 kitchens.

SOURCES OF HOUSING DEVELOPMENT FUND UP TO 31.12.2002

SOURCE	SELAVIP(Rs)	WOMEN DEVELOPMENT BANK	Housing Development Fund(Rs)	Total (Rs)	US\$(US\$01=Rs.95.98)
Grant	1919663.00			1919663.00	20000
Advance from WDB		920500.00		920500.00	9590
Deposits		218390.00		218390.00	2275
Savings		40650.00		40650.00	424
Repayments		35500.00		35500.00	370
Interest			334560.00	334560.00	3487
Compulsory Saving			74611.00	74611.00	777
Total	1919663.00	1215040.00	409171.00	3543874.00	36923

APPLICATION OF HOUSING DEVELOPMENT UP TO 31.12.2002

PURPOSES	US\$.	SL RUPEES
Loans	33025	3137187.00
Stationery	29	2885.00
Balance in hand	4207	403802.00
Total	37261	3543874.00

AREA WISE CLASSIFICATION OF THE APPLICATION OF FUNDS

Amount as at 31 st December 2002		No of Districts	No of Primary Branches	No of Groups	No of families
In Rupees	In US\$				
3133187.00	33025	07	36	163	239

Benefits

1. As a preliminary for the implementation of the program an attitude changing campaign had to be launched by the women leaders of the selected areas with the assistance of the relevant public officers. These awareness programs helped to change the attitudes and age old behaviors and concepts regarding the sanitation and environmental cleanliness. In the implementation of the program not only the embers even the non members began to realize the importance of having individual toilets for leading a

decent family life. As a result within this short period 502 poor women not joined the 4 movement before have obtained membership of the Women's Development Bank mobilizing themselves into 52 Women's Groups.

2. The women leaders of the groups and primary branches of the above five implementing areas also could arrange to obtain the services of the local government officers and other technical personnel on cost effective, technically feasible, environmentally friendly and legally acceptable methods and ways to implement the program in these areas effectively and efficiently. Some members in Nuwara Eliya and Matale districts when confronted with the rock problems in construction of lavatory pits could obtain alternative designs and ways from these knowledgeable qualified and authoritative persons due to these arrangements. A large number of problems relating to land rights could be amicably resolved through the timely intervention of the Grama Seva Officers and the other relevant public officers concerned. This has helped not only to resolve the Poor's problems speedily, but also it has helped to narrow the gap between the poor and the bureaucracy. It also has enhance the managerial capacity of the women leaders.
3. The beneficiaries of this program realized he practical significance of the co-operative principle of self help and mutual help when they helped each other in construction work and arrange collective purchase of building materials to obtain the advantages of bulk buying
4. The loans from this Revolving Fund were issued as one list to all the beneficiaries in the same geographical areas within the same period to enable them to obtain the benefit of taking collective action. This has paved the way for mobilizing these loan beneficiaries into large solidarity groups for the purpose of organized buying in bulk and for helping each other in construction work. Through the co-operation formed among members due this program, the beneficiaries could address the other common issues that they have to face. The beneficiaries in Halmillave, Danduwawa and Thranagollawa villages in Kurunagla Districts have mobilized themselves into solidarity group to solve their electricity, water, and land tenure problems
5. As these loans were issued to poor women members it had helped to enhance the co-operation of the husband and wife for the building up of the family on a co-operative basis. It is quite clear women make the loan repayment with the assistance of their husbands. Loans for housing is not a matter only for the women members. It is family matter. It has enhanced the family solidarity.
6. In house construction the attitude of the poor hitherto had been to concentrate only on the front portion of their houses, neglecting the requirement of having separate individual toilets. This program has completely changed this attitude. The number benefited by the program to date is 239. It has the potential to cover a wider scope.

Conclusions

Through the implementation of this program the Women's Development Bank could understand the real problem of land tenure, houselessness, and number of other problems which had not been surfaced before. Women's Development Bank also could realize its potential to tackle these problems effectively and efficiently to produce nationally and environmentally important results. This has paved way for undertaking a comprehensive survey to unearth the depth of these problems in both urban and rural areas. This survey has been launched with the help and collaboration of Mr. A. Jockin of "National Slum Dwellers Federation of India" and Ms. Celine D' Cruz of the "SPARC" of India, and two other representative of Mahila Milan who visited our sites and studied our effort on July 05 to 07, 2002. Field survey was completed in October 2002 and the report is being prepared. It is expected that the Women Development Bank would be able to address relating the poverty alleviation in Sri Lanka in a significant way with the knowledge that it will acquire through the findings of this survey.

HOUSING DEVELOPMENT FUND FUNDED BY SELAVIP EXECUTED BY THE WOMEN'S DEVELOPMENT BANK

Pictorial and Verbal representation of the Benefits of the Housing Development Program



The leader Janarukula Upali Sumithre explains the Housing Development Program of the Women's Development Bank to the Public Health Inspector, Haguranketha, and Technical Officer, Pradesiya Sabha (Local Authority). The leaders of the Nuwara Eliya District branch of the Women's Development Bank are also in the picture.



Beneficiaries of the Toilet discuss the problems and issued relating to the project with relevant public officers, PHIs, TOs of the Local Authorities, and Grama Seva Officers

Preliminary discussion by the beneficiaries of the toilet project - Gampaha





“This is how we achieved the economies of bulk buying for our construction work through co-operative efforts”





“The fourth housing loan that I obtained from the Women Development Bank is the loan of RS.12810 to construct a permanent water seal lavatory to replace the unhygienic pit lavatory covered by thatch used before. Previous three loans amounting Rs. 15000, RS. 10000, an Rs. 6000 were used for construction of super structure, roof, and plastering respectively. Both my husband and my self are making a joint effort to settle these loans. Although we struggling for our life now we are a happy family having our own house with necessary facilities” – *K.D.Siriyawathie*





“The tow photographs show the temporary toilets that we had to use till we could build the new toilet shown in the second in the second photograph with the financial assistance from the Women Development Bank” – *Manel Thilakaratna*





“I am 23 years. My husband is a soldier. In our house we did not have a kitchen or a lavatory. You may be able to understand the predicament that a young wife very often living alone will have to go out sometimes at night for toilet facilities and using an external unprotected temporary hut for cooking purpose. Now I have got both these facilities thank to the Women’s Bank and SELVIP. Now we are a happy family”
- *Padma Kumari Seneviratna*



“This is the kitchen that I could add to my house with housing finances from the Women Development Bank. I would like to show this to the world as a proud house wife”
- *M.G.Lalitha Padminee*



“I joined the group system only in 1999. Within 3 years I could redeem the paddy land that we had to mortgage and also construct our own toilet. I thank my group, Women’s Development Bank and SELAVIP” – *J.D.Premawathie*.





I am Chandra Kontota of Arattana Primary Bank Branch. My husband is a salesman in a boutique. We have two children. As we did not have our own toilets we had to be at the mercy of neighbors to use their toilets for our convenience. The above is the new toilet attaching my house that I could build using Rs. 10000 loan received from the Women's Bank. We could construct that toilet in the very small space of land available to us thanks to the advises and guidance received from the Government officers like PHI, TO, and GSO as arranged by our Primary branch.



“I am Swarnalatha of Solepura Primary Branch. The above is the newly added toilets to our house which is being built on the incremental basis. My next target is to replace our temporary kitchen with a permanent attached kitchen”

“I am 54 years. Water is the pressing problems that I faced throughout my life time. My group, the Primary Branch, Women’s Development Bank and SELAVIP helped me to solve this problem permanently” – *D.M.Punchimahathaya*





“The above toilet is the latest addition to my house which is being built on the incremental basis with the housing finance provided by my bank, Women Development Bank through my group Kekulu” – *D.N.Nandanee Jayakodi*

Now my family can proudly use our own toilet preserving our privacy to ourselves. If not for SELAVIP we would have been subject to ridicule for using others toilets for some more years.” - *E.M.Sumanawathie*



“Our own toilet, adhering to all sanitary and environmental requirements is a life long achievement that we could achieve because of the co-operative efforts we made through our Women’s groups” – *Suneetha Iranganee*



Thanks to Women Development Bank and the SELAVIP I achieved my life long dream of having my own well. Now I need not exert my energy and my time to carry water from distance places. – *Liliona Rodrigo*



“After ten years of my marriage life it is only now I have got the opportunity to use our own toilet. I think the Women Development Bank and the SELAVIP”
- *A.M.Anulawathie*



“I am a mother of 8 children, five of them are married. We did not have our own toilet all these years, Thanks to the Women Development Bank now this problem has been solved.” – *H.A.Wimalawathie*



“July 31, 2002 was an important day in my life. On this day 13 members of my Group could purchase building material together to construct our own toilets. Hereafter all our group members will have their own toilets built to the acceptable sanitary and health standard” – *W.A.Asoka Nishanthi* - **Kekulu Group. Halmillawa Primary Branch**

