

# **IMPLEMENTATION OF PILOT PROJECTS TO IMPROVE LIVES OF URBAN POOR IN MORATUWA – SRI LANKA.**

## **1 INTRODUCTION**

On 28<sup>th</sup> January 2008, An agreement of Cooperation was entered into by the United Nations Human Settlement Program, with Headquarters in Nairobi, Kenya (“UN HABITAT”) and JANARUKULA, established in Colombo, Sri Lanka on 16<sup>th</sup> July 1997 under registration number GPH/DS/2/5/50/97 as a Non Government Organization with Headquarters at No.22, Galhotamulla, Yakkala, Sri Lanka.

Under this agreement JANARUKULA agreed to use its expertise to develop community led business plans to implement pilot projects in Moratuwa town to improve the lives of urban poor and to alleviate their poverty and improve their living conditions.

## **2. OBJECTIVE & SCOPE**

1 .The purpose of this Agreement is to establish the general terms and conditions under which the parties shall collaborate to achieve the objectives set out below for both UNHABITAT and JANARUKULA through joint work. The technical expertise from both organizations which shall be used in this collaboration would allow a more effective and efficient utilization of resources made available to both UN-HABITAT and JANARUKULA.

2. The parties shall collaborate to partially capitalize a savings scheme in Sri Lanka from resources of parties (the “Project”), within the Slum Upgrading Facility of UN-HABITAT (SUF). SUF is a facility established by UN-HABITAT within its Human Settlement Financing Division to assist selected developing countries to attract domestic capital into their slum and urban upgrading activities. The SUF also provides technical assistance and targeted credit enhancement support for the projects in selected countries.

3. The Project aims at assisting the Moratuwa Urban Poor Development Fund (“MUPF”) in augmenting its own savings schemes as a starting point for its slum upgrading and low income housing projects. JANARUKULA will act as the custodian and intermediary of the UN-HABITAT fund until the incorporation and operationalisation MUPF. JANARUKULA will transfer the UN-HABITAT funds to MUPF when it becomes an operational entity. MUPF shall be the ultimate recipient of the UN-HABITAT funds under this agreement

### **3. UN-HABITAT Responsibilities**

UN-HABITAT through its Slum Upgrading Facility shall be responsible for the overall supervision and backstopping of the Project execution, including:

- Providing funding directly from SUF, PMU to the MUPF through JANARUKULA
- Providing technical assistance for establishment and operationalisation of MUPF as appropriate and as necessary
- Supervise and monitor the operation of MUPF
- Supervise and monitor the implementation of the project and
- Document and disseminate the lessons learnt.

### **4. FINANCING ARRANGEMENTS**

The UN-HABITAT agreed to provide JANARUKULA with funds up to a maximum amount of USD 142, 000 in accordance with the following schedule.

<b>Purpose</b>	<b>Conditions</b>	<b>Amount USD</b>	<b>Progress</b>
Seed capital-for using for construction related activities	Receipt of situation analysis and construction estimates. This amount should be made available upon signature of this Agreement. To	40,000	Received in 2008

	receive Funds a payment request should be made to the UN-HABITAT		
An initial amount for capitalization of the MUPF	Upon confirmation that the Moratuwa Urban Poor Development (MUPF) is legally established.	30,000	
For capitalization of the MUPF	Upon receipt of progress and financial report	30,000	
To cover the cost for establishment of MUPF	Upon signing of the Agreement and on receipt of the Inception Report. Inception report should indicate the actions contemplated for the formal and legal establishment of the MUPF	15,000	Received in 2008
To cover the cost of capacity building , reporting on the operations of the MUPF and financial reporting	On confirmation of the ongoing implementation of the inception report	22,000	
Final Installment	Upon satisfactory provision of the final out put, a financial report audited by an independent accounting firm showing the use of the funds and a payment request	5, 000	
<b>Total</b>		<b>142,000</b>	

## **5. JANARUKULA RESPONSIBILITIES**

Under this Agreement Janarukula is responsible for the implementation of the project and to perform the following specific activities.

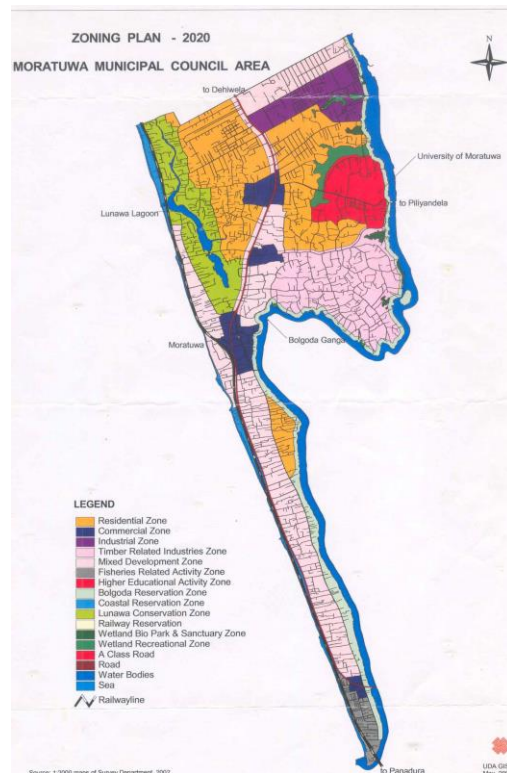
- Establish and ensure operationalization of Moratuwa Urban Poor Development Fund (MUPF) under appropriate legal framework
- Define the objectives and activities consistent with SUF objectives
- Provide proposal on how the funds for capacity building will be utilized
- Provide details of the construction at various stages until the funds for seed capital are exhausted or core construction completed
- Acting as intermediary for transfer of UN-Habitat funds to MUPF accounts
- Provide UN-HABITAT with the Broad outline of the criteria used for giving loans to the members , their performance and other pertinent issues for the take out finance
- Describe the local operating procedures in detail , based on SUF operation guidelines
- Seek technical assistance for capacity building including with the assistance of external consultants
- Collaborate with SUF Program Management Unit and HPM for Achievement of SUF objectives
- Supervise and monitor the operations of MUPF
- Supervise and monitor the implementation of the Project
- Source of Quarterly reporting to UN-HABITAT

## **6. PILOT PROJECTS IN MORATUWA**

Moratuwa town is located in the Colombo district, in the western province in Sri Lanka. It is bounded by the Dehiwala Mountlavinia Municipal Council to the North, Indian Ocean to the West and Bolgoda River to the South and East. It covers a total area of 23.4. Sq. km. According to the last census carried out in 2001, city population was 177,190. Average population density was 79.09 people per sq. km. Moratuwa is traditionally known for skilled carpentry work and furniture industry. From 1908 to

1930 Moratuwa Town had been administered by a Local Board. It received urban council status on 1<sup>st</sup> January 1930. It was elevated to a municipality on 8<sup>th</sup> January 1995.

20 percent of the city population is living in under served low income settlements. According to a survey carried out by the Moratuwa Municipal Council, and Women's Bank Federation (WDBF) during 2005/2006 there are 52 settlements in the city. conditions of the most are very poor. facilities are inadequate. are lacking. Dwellers cannot afford any their settlements using their own fund. As they do not have legal ownership institutions for housing finance.



Since 2004 JANARUKULA and its micro credit arm, Women's Development Bank Federation (WDBF) were working with these communities to alleviate their poverty and improve their living conditions. 32 out of 52 settlements have already joined with WDBF to improve their living conditions by mobilizing their own resources on the principal of self help and mutual help.

The pilot projects that JANARUKULA agreed to use its expertise to develop community led business plans to improve the lives of urban poor and alleviate poverty and improve their living conditions are to be implemented in the following two settlements.

Name of the Settlement	No.of. Families	Existing Housing Units	Population	Land Use
Usaviwaththa	59	50	250	60.89 perches
Dandeniawaththa	230	216	912	6.6 Acres

## 6.1 USAVI WATHTHA

Usavivaththa is the new name given for Rawathawaththa settlement after the opening of the magistrate court (Usavi) in 1983 adjoining this settlement. Usavivaththa is a state land with an extent of 03 roods and 36 perches. Although the land is owned by the Government of Sri Lanka, for the last 60 years the Municipal Council was using it for municipal services without any encumbrances or interference from the government. This settlement has been created by the Moratuwa Urban Council in

1952 by constructing 10 labor quarters for its conservancy laborers. Now these 10 housing units which too are of semi-permanent nature have expanded to 50 units adding another 40 temporary unauthorized constructions to



accommodate 59 families with the new families that had been subsequently added. Total population of the settlement as at 08<sup>th</sup> May 2005 was 250, of them 132

had been males and the balance 118 were females. 169 of them have had some level of school education. 24 of them are G.C.E. (O/L) qualified persons. Children under 18 years were 100. Gainfully employed number was 96. All most all housing units have 2 employed members. As such incomes of most of the families in comparison to the incomes of low income settlements are moderate.

Types of occupations are explained below.

<b>Occupation</b>	<b>Number</b>
Pensioners	03
Skill Labors	58
Unskilled Labors	13
Clerk	01
Garment employees	05
Foreign Employees	06
Peon	01
Drivers	02
Businessmen	06
Cobbler	01
<b>Total</b>	<b>96</b>

The majority, numbering about 63 are employed in the private sector. 19 are self employed whilst the balance are public servants.



Out of 50 houses 42 have electricity. None of the houses have individual toilets or individual water supply. These amenities are provided by 8 common water seal latrines and 2 common water taps. As social assets for these house holds there is a Hindu temple and 2 Bo trees and a common well. Floor area of houses varies in size as follows;

<b>Floor area in Sq. ft</b>	<b>No. of Units</b>
Less than 100	02
100-200	30
200-300	16
300-400	01
400+	01
<b>Total</b>	<b>50</b>

The total land use by the entire settlement is 60.89 perches.

<b>Income Range Rs.</b>	<b>No. of families</b>
0-5000	04
5,000-15,000	38
15,000-20,000	03
20,000-25,000	02
25,000 +	03
<b>Total</b>	<b>50</b>

The monthly incomes of families have been identified as follows;

Janarukula and Women's Development Banking Federation was working with the community in Usaviwaththa since 2005. In this settlement 250 people including 100 children are living in highly un- sanitary conditions. Janarukula had the opportunity to mobilize all the 59 families in this settlement into 4 small groups and bring all of them under one legal entity by the name of Vanitha Shakthi Housing Co-operative Society (Vsnitha Shakthi), which commenced its business operation on 2<sup>nd</sup> May 2006,



received legal recognition by registering under the Sri Lankan Government Cooperative Act No. 3 of 1998 on 30<sup>th</sup> May 2007.

Usavi Waththa is one of the settlements that have been identified by the Memorandum of Understanding that had been agreed in August/ September 2005 by the Municipal Council of Moratuwa , Women' Development Bank Federation, Shack/Slum Dwellers International, and Un-Habitat, for redevelopment of existing residences.

**The project envisages the following advantages:**

1. Additional 50 standard housing units added to the housing stock in Moratuwa
2. Inclusion of the 50 tenants into the mainstream who would have to pay for property taxes and other charges
3. Saving of free maintenance cost of the settlement by the Municipal Council
4. Increase of land value in the surrounding area.
5. Ability to offer a sizable plot of land including the Health Center + Car park for an alternative urban development which can generate revenue to the Moratuwa Municipal Council

**Benefits.**

1. Releasing of a sizable plot of land to the Municipal Council
2. 59 families now live in substandard houses in an unhealthy environment in Usavi Watta will get better houses with better facilities in addition to the legal ownership of the land that their new houses will be built.

Municipal Council will get the possession of 17.89 perches now been encumbered by the occupation of Usavi Waththa settlers free from all encumbrances for using for any development activity of the city

**6.2 DANDENIYA WATTA**

Dandeniya Waththa is a low income settlement within the Moratuwa Municipal Council limit situated behind the University of Katubedda Moratuwa.. The total land extent is

06 acres 02 roods and 28 perches. Most parts of the settlement are bounded by the Bolgoda River. Whenever rain occurs the land goes under floods. Until year 1990 it was an abandon land covered by various kinds of bushes. There was no access road for the settlement. Under those circumstances no one was interested in settling down in Dandeniawatta. This land which was owned by private sector was acquired by the Government in 1990 for the purpose of making accommodation for some of the families residing in the coastal area of the Moratuwa city. Plot plan prepared in 1990 made provision for 178 plots. But only 94 families came to settle down in this land. Afterwards another 17 families who were living in Galle road reservation in Moratuwa city moved here as they were asked to vacate their homes by the railway authorities in order to carry out Galle road development project. Again some more families who have been evacuated for the purpose of Moratuwa city development had to come and settle down in Dandeniawatta as new settlers. Plot plan drawn in 1995 had made provisions for 261 plots, for the purpose of providing legal ownership to the occupants according to the Land Development Act of SriLanka. But so far only 92 plots have been allocated.

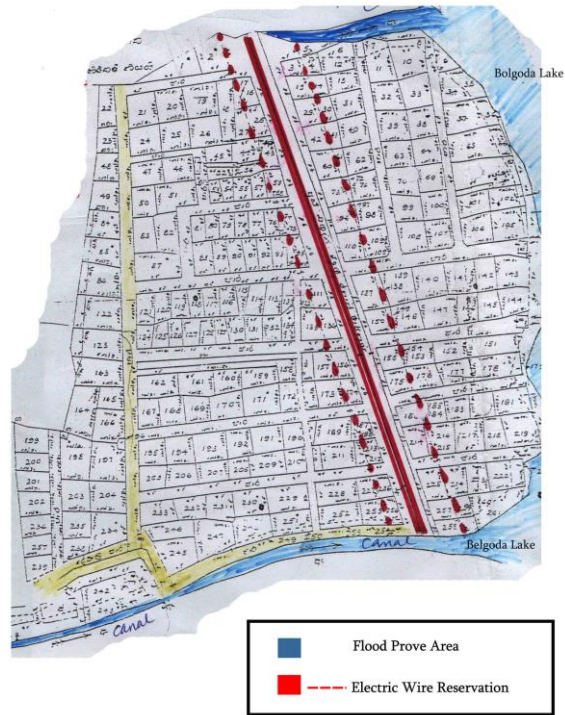
Now 230 families live here occupying only 216 housing units with a total population of 912. These 216 houses have been built only in 205 land plots. Eleven plots have more than one housing unit. Out of 216 housing units only 18 are permanent. 121 houses have individual toilets. Others use common toilets, numbering only 08 for the entire settlement. 55 housing units have water facilities. Others depend on common taps. Only 151 houses have electricity.

Income levels of the families are varying. There are 56 families with a monthly income of less than Rs.2000. Only 9 families have income of over Rs.8000/= per month. In comparison to the incomes of Usaviwaththa households the incomes of these families are very low.

The entire settlement faces the threat of the flood of the Bolgoda River during the rainy season. There is a high tension electricity line running across the settlement. Under this high tension line 35 families are living illegally. Five families are

occupying the Bolgoda River reservation. Only 94 house holders have received the title of deeds for the lands they occupy. Others are living in the settlement illegally.

**Dandeniya - Constraints of Upgrading**  
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Moratuwa MC has to give all the present occupants permits to legalize their occupation and the MC is looking out for stake holders so as to undertake development initiatives of upgrading.

Out of 50 houses 42 have electricity. None of the houses have individual toilets or individual water supply. These amenities are provided by 8 common water seal latrines and 2 common water taps. As social assets for these house holds there is a Hindu temple and 2 Bo trees and a common well. Floor area of houses varies in size as follows;

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<b>Total</b>	<b>50</b>

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alternative urban development which can generate revenue to the Moratuwa Municipal Council

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## 7. DETAILS OF THE CONSTRUCTION AT VARIOUS STAGES

### 7.1 USAVIWATHTHA PILOT PROJECT

The Municipal Council with the concurrence of the relevant government authorities have agreed to arrange to provide title deeds to all house holders now occupying this land illegally at Usaviwaththa in return the house holders agreed to release 17.89 perches to the municipal council out of 60.89 perches of land now they are occupying.



In order to facilitate this implementation arrangement all the house holders in Usaviwaththa have organized themselves in to one legal entity under the Co-operative Societies Act of Sri Lanka. This co-operative society has been registered under the name of Vanithashakthi Housing Co-operative Society. These house holders have entrusted the task of undertaking all relevant activities for this purpose on their behalf to this Co-operative society.

A MOU has been signed between the Ministry of Urban Development & Sacred area Development, Ministry of Housing and Vanithashakthi Housing Co-operative Society on 23rd January 2008 to pass the legal ownership of 43.perches of this land to

Vanithashakthi Co-operative Society Ltd, for carrying out construction of 50 houses for the usage of its shareholders at the Usaviwaththa.

This co-operative society also has taken over the responsibility of constructing 50 houses for the usage of existing Usavivaththa community.

As the proposed houses have to be constructed at the same site the necessity has arisen to demolish 20 houses. The people who were displaced due to this demolition have been accommodated in the temporary additions made to the houses of the non-affected residents. It was a problem to find spaces to put up temporary houses for the displaced people due to the demolition They did not want go out of the settlement. Realizing the situation some of the settlers willingly offered their houses to remove the roof and to put up a house on that. Six persons offered this gratification. Moratuwa MC also offered some room for the persons displaced in the medical clinic building. Because by this time very good mutual understanding and confidence had been developed among the settlement community and the project partners .There was a competent carpenter among them and the whole community got together and constructed the temporary houses by themselves offering their voluntary labour. Janarukula provided financial facilities amounting to Rs 712788 in June/July 2007 for constructing these temporary housing units. Janarukula made use of US\$ 10000 it received from SDI on 31/12/2006 for this purpose.



In order to get the best use of the valuable land in this site the community has decided to construct a three storied housing complex consisting of 50 housing units, 4 commercial shops and 1 community center. This will be implemented under three phases as follows.

Phase	No. Of Units	Type
1	8	(400 Sq. feet X 4 )(450 Sq. feet X 4)
2	16	300 Sq. feet
3	26	300 Sq feet
<b>Total</b>	<b>50</b>	

Due to this strategic decision taken by the community they needed only 43 perches of the 60.89 perches of state lands that they were occupying Thus they could easily release 17.89 perches of valuable land for the authorities to use them for more useful purposes.

For the purpose of constructing the above 50 housing units WDBF helped the community creating awareness and helped them to come with their views regarding the plans and designs of the houses to be built The Architect provided by the Janarukula, helped the community providing technical assistance Ultimately plans and designs were prepared according to the views and the needs of the community. Construction estimates were prepared by the architect Mr Anura Dasanayake. These construction estimates are given below.





Category	Type	Size Sq.Ft	No.of Units	Unit Cost SLR	Total Cost SLR
Multi Story Bldg. 1	G+3	400	4	880,000	3,520,000
Multi Story Bldg. 1	G+3	450	4	990,000	3,960,000
Multi Story Bldg. 2	G+3	300	16	660,000	10,560,000
Multi Story Bldg. 3	G+3	300	26	660,000	17,160,000
Shop		600	3	200,000	600,000
Community Hall		500	1	900,000	900,000
<b>Grand Total</b>					<b>36,700,000</b>

The design and the plan are for a three story building complex. First housing block contains 8 units of houses, of which 4 houses are 450 square feet and the other 4 houses are 400 square feet. Second block contains 16 units of houses of 300 square feet. Third block contains 26 units of houses of 300 square feet.

According to the action plan prepared by the Vanitha Shakthi Housing Development Co-operative Society in consultation with the MUPF, WDBF and Janarukula the above activities will be implemented as follows

- 1 Construction of core structure houses: Through a labor contractor selected on the basis of competitive bidding. All building material will be supplied by the “Vanitha Shakthi”
2. Infilling: By the Vanitha Shakthi Housing Co-operative Society
3. Finishing: By the beneficiary families individually

It is expected to meet the cost of construction of these houses out of loans obtained from commercial banks. To provide collateral for these loans a system of savings scheme by the members of the co-operative society (house holders) has been introduced.

As the proposed houses have to be constructed at the same site the necessity has arisen to demolish 20 houses. The people who were displaced due to this demolition

have been accommodated in the temporary additions made to the houses of the non-affected residents.

As the Moratuwa Urban Poor Development Fund could not be formalized till September 2008, loans from commercial banks could not be obtained for undertaking construction as planned. However due to the demolition of 20 houses done for the site clearance purpose, an urgent need has arisen for expediting the work some how or the other. As an alternative to meet this unexpected situation Usaviwatta Vanitha Shakthi Housing Development Cooperative Society decided to carry on the construction of the first block containing 8 units of houses at the first stage. In consultation with the community, Women's Development Bank and Vanitha Shakthi Housing Development Co-operative Society the following financial plan has been prepared for the implementation of this first stage of construction.

### **7.1.1 FINANCIAL PLAN FOR CONSTRUCTION OF 8 UNITS OF HOUSES (1<sup>ST</sup> STAGE)**

<b>Details</b>	<b>Cost (SLR,000)</b>	<b>Funding Sources</b>	<b>Amount (SLR,000)</b>	<b>Date/Period of Receipt</b>
Cost of Core Houses	4.488	Loan from Sanasa Development Bank	4.500	31/01/2008
Infilling	1.870	Loan from WDBF	0.500	17/09/2007
Finishing	1.222	Grant from Arunodaya Project , Ministry of Urban Development	1.400	-
		Contribution from Beneficiaries	1.080	17/09/2007
<b>Total</b>	<b>7.480</b>	<b>Total</b>	<b>7.480</b>	

For the purpose of obtaining above credit facility from the Sanasa Development Bank for Vanitha Shakthi Housing Development Cooperative Society Janarukula provided the collateral by depositing Rs.5 million in the Bank as security deposits. These deposits were made in two installments of Rs.2.5 M. each on 19/06/2007 and 14/12/2007. For this purpose Janarukula with the consent of the UN-Habitat, SDI made use of the funds it has received from the Slum Dwellers International. These are

the funds held by Janarukula to be transferred to the Moratuwa Urban Poor Development Fund. Keeping them as collateral Sanasa Development Bank has granted a loan of Rs.4.5M to the the Vanithatha Shakthi Housing Development Cooperative Society on 31<sup>st</sup> January 2008.

### **7.1.1.1 PHYSICAL PROGRESS:**

Housing construction has been commenced on 17/09/07. Construction of the core house has been already completed. According to the technical report received from the architect on 30<sup>th</sup> November 2008 the total value of work completed as at 30<sup>th</sup> November 2008 was Rs 4.4 Million inclusive of the cost of building materials provided.

Earlier it was decided to construct roof with a concrete slab As the original roof designed has been subsequently changed to suit the requirements of the beneficiaries a new contractor has been selected for roofing contract. At present Construction of the core houses of the first stage building of 8 houses has been completed and arrangements are being made to allocate the new houses for the beneficiaries and they will come in to occupation and complete the houses attending to the work of infilling..



For infilling work plans, designs and costs are now being prepared.

After completion of the roof work and infilling, these 8 houses can be allocated to the selected beneficiaries. It will be the responsibility of the selected beneficiaries to carry on the finishing works subject to the approval of the VanithaShakthi co-operative society. Janarukuala and WDBF will undertake the monitoring part of these activities.

## 7.1.2 Second Stage

Immediately after handing over of the 1<sup>st</sup> stage of construction the second stage consisting of 16 housing units will be commenced. For this purpose housing designs have been prepared. The housing cooperative society has given its approval for construction of the second housing block. The second housing block makes facilities for 16 housing units. The financial plan prepared for implementing this phase of the project is given below.

### 7.1.2.1 FINANCIAL PLAN FOR CONSTRUCTION OF 16 UNITS OF HOUSES (2<sup>ND</sup> T STAGE)

Details	Cost (SLR,000)	Funding Sources	Amount (SLR,000)
Cost of Core Houses	6.336	Loan from Sanasa Bank	2.400
Infilling	2.640	UNHABITAT (SUF)	4.000
Finishing	1.584	Grant from Arunodaya Project , Ministry of Urban Development	2.800
		Contribution from Beneficiaries	1360
<b>Total</b>	<b>10.560</b>	<b>Total</b>	<b>10.560</b>

The Sanasa Engineering and Development Company (Pvt) LTD, agreed to take over the contract. The construction committee expects to get some more bids based on the housing design drawn by the Sanasa engineer in order to select a more competitive contractor. For making space for construction of the second housing block another six existing houses have to be demolished. As soon as this problem is resolved action will be taken to lay the foundation for second housing block.

## **7.2 DANDENIYAWATHTHA PILOT PROJECT**

JANARUKULA decided to assist the MC by using its expertise to develop community led plans to improve the lives of the urban poor in Dandeniawaththa and to improve their living conditions.

For this purpose the following action plan has been prepared.

1. For the families living under the high tension electricity wire and in the River reservation it is planned to construct G+1 building in the land selected at present and settle them in that building.
2. The area under the electric wire is to be declared as a green belt and maintain it properly.
3. For the people who are having title deeds, housing plans would be prepared and after getting approval from the Moratuwa Municipal Council, make arrangements to construct houses for them.
4. Preparation of a flood mitigating programme with the support of the Land Reclamation Board and the UN-Habitat. At present relevant agreements between the two parties are being prepared.

In order to implement this action plan Janarukula decided to institutionalize all house holders in to one legal entity. For this purpose a housing development co-operative

society has been promoted. This society was registered on 20<sup>th</sup> August 2008 under the name of Dandeniyawattha Vanitha Shakthi Housing Development Co-operative Society under the Co-operative Societies Act.

On a trail basis it has been decided to upgrade the houses of the following house holders.

<b>Lot No</b>	<b>Name of the Householder</b>	<b>Cost Estimates SLR</b>
39	<u>Tilicia</u> Catherine	300,000
82	Sunitha Jayalath	300,000
191	Shanthi Fernando	300,000

Plans & Cost Estimates have been prepared by Mr Anura Dasanayake, Architect in consultation with members of the Vanitha Shakthi housing cooperative society and the staff of the WDBF to suit the requirements and the affordability of these 3 house holders.

At present they are constructing a part of the planned houses. Two house holders have decided to build only one room, kitchen and the toilet of the planned house at the first stage. Once it is constructed it will provide a floor area of 260 square feet. The other house holder is constructing two bedrooms and the toilet covering a floor area of 280 square feet. The construction of these 3 houses is now in progress.

### **7.2.1 Financial Plan for Construction of 3 Houses**

<b>Details</b>	<b>Cost (SLR,)</b>	<b>Funding Sources</b>	<b>Amount (SLR,000)</b>
Cost of 3 Core Houses	540000	Loan from WDBF	500,000
Infilling	225,000	Grant from Arunodaya Project , Ministry of Urban Development	300,000
Finishing	135,000	Own Funds by the house holders	100,000
<b>Total</b>	<b>900,000</b>	<b>Total</b>	<b>900,000</b>

## 7.2.2 Physical Progress

The housing construction had been commenced on June 2008. The loans have been taken from the Women's Development Bank Federation by the beneficiary families (03 families)

### **1-Building of Mrs Tilicia**

02 rooms have been constructed. Door frames as well as window frames are fixed. Roofing work has been completed. Total cost incurred was Rs.182, 000/=

### **2-Building of Mrs Shanthi**

The Foundation and walls of the two rooms have been completed. Toilet pit, foundation, and walls of the toilet have been completed incurring a total cost of Rs. 195,000/=.

### **3-Building of Mrs Sunita**

The foundation and walls of the two rooms have been completed incurring a cost of Rs.125600/=

WDBF has provided loans to these 3 householders to facilitate their construction as follows:

<b>Lot No</b>	<b>Name of the Householder</b>	<b>Members Savings in the WDBF</b>	<b>Loans granted by WDBF</b>
39	Philishia Catherine	28,000	135,000
82	Sunitha Jayalath	22,000	100,000
191	Shanthi Fernando	40,000	135,000



## 8. OPERATION OF MORATUWA URBAN POOR DEVELOPMENT FUND

This fund has been incorporated as a Company limited by Guarantee under the Company's Act No.7 of 2007 on 1<sup>st</sup> September 2008, with the following as subscribers.

Name	Position	Institution
Wannakuwathth Waduge Sunimal Fernando	Mayor	Moratuwa Municipal Council
Mrs. Murin Fernando	President	Women's Development Bank Federation
Mr. Jockin Arputham	President	Slum Dwellers International
Mrs. Disanayake Ralalage Sriyani	President	Usaviwattha Vanitha Shakthi Housing Co-operative Society
Mrs. Kurukula Suriyage Salika	President	Usaviwattha Vanitha Shakthi Housing Co-operative Society
Mr. Pingamage Don Upali Sumiththa	Chairman	Janarukula
Mrs. Chandrani Silva	President	Dandeniyaawattha Vanitha Shakthi Housing Co-operative Society

A business plan for operationalization of the fund is now being prepared by Mr. Kalansuriya the professional and the MOU for the purpose was signed on 24/08/08. Out of the total cost of Rs.175,000 agreed for preparation this business plan a part payment Rs 40,000.had been already paid on 24/ 08 / 2008.





Meetings of the Board of Directors was held duly. The first meeting after obtaining the registration of the Fund is scheduled to be held early in January 2009. The agenda has been prepared as follows.

- 1.Establishment of the Board of Directors.
- 2.Enrolement of membership.
- 3.Appoinment of Advisory Board.
- 4.Opening of the Bank Account.
- 5.Preparation of Business Plan.
- 6.Approve the next year plan of the MPDF.

Janarukula is now taking steps to appoint the Advisory Committee. It has nominated Mr. Susil Siriwardana the former Commissioner of Jansaviya (The National Poverty Alleviation Program during the period 1989-1994) and the former Chairman of the National Housing Development Authority as one of the advisors. He has agreed to provide his expertise on poverty alleviation, community development and housing.

A delay occurred in activating this fund due to the non-availability of provision under Sri Lanka Local Government laws for the Municipalities to take an active role in a fund of this nature. This problem could be solved by Mayor agreeing to serve as a member of Board of Directors in his personal capacity. How ever this delay has not caused any un-surmountable impediments for carrying out the objectives under the agreement. The two Vanitha Shakthi Housing Development Co-operatives Societies took over the responsibility of providing the activities expected of the MUPF until such time it could be properly activated..

## **9. OPERATING PROCEDURE & CRITERIA USED FOR GIVING LOANS TO MEMBERS.**

As explained under the Financial Plan for Construction of 8 units of houses under 7.1.1 above, Slum Dwellers International and the Sanasa Development Bank Limited of Sri Lanka has opened a savings account with the latter depositing US\$ 50, 000 in two equal installments to grant loans to low income communities in the Moratuwa Municipal Council Limit

### **BROAD OUTLINE OF THE CRITERIA USED FOR GIVING LOANS TO THE MEMBERS**

- Members must deposit 5 % of the value of the house that the member is going to obtain as an extra payment for the land development
- A loan is not granted to member who has failed to save in the society or in an institution approved by the society, at least 20 % of the value of the house that the member intending to acquire or construct
- All the members must sign a rate payment document before occupying the house

For this purpose all house holders in two settlements have been mobilized into two separate co-operative societies under the name of Vanitha Shakthi Housing Development Co-operative Society and launched saving schemes to mobilize savings from members for the purpose of providing initial capital requirement for carrying out their housing projects. Funds mobilized under this savings scheme by the Usaviwaththa community up to 18/07/2008 was Rs.1, 653,830(US\$ 16,500 approximately). Out of these funds Rs.800, 000 (US\$ 8,000) had been utilized for meeting a part of the construction cost of the 1<sup>st</sup> Stage of house construction at the Usaviwaththa.

Till this society is operationalised all funds mobilized during the promotional period on behalf of this society has been held in a joint account temporarily opened in the Peoples Bank (Account No.01200162825688) in the names of Mr. Satyavele, a

member of the Vanithashkthi and Ms Jayanthi Jayaweera of WDBF. After the opening of a separate bank account in the name of the Vanithashakthi on 06<sup>th</sup> July 2008 in the People's Bank (Account No.01200138130886) these funds have been transferred to this new account.

## 10. CAPACITY BUILDING

During the period from 18<sup>th</sup> August 2006 to 26<sup>th</sup> July 2007 Janarukula has provided knowledge and skills to the members of Vanitha Shakthi Houing Co-operative Society on constructional work of the proposed community based housing project at this settlement with the assistance of external consultants incurring a total cost of Rs.261,500/=. This cost has been incurred out of US\$ 495,000 received from UNHABITAT (suf) on 17<sup>th</sup> July 2007. For this purpose once a week workshops were held at the site providing opportunity for the selected members to participate

.Under this program 22 selected from Usaviwththa, Dandeniwaththa as well as from WDBF officers have been provided with technical know how in the following subject areas conducting 19 training secessions.

Subjects	No. Participant
Finance	05
Planning and designs	07
Materials procumbent	05
Labor and construction management	07



11. How Funds Received from UN HABITAT has been utilized

No	Details	US\$Amount	SLR
1	Recived from Un – Habitat Suf Project ON 2008 / 4 / 30	US\$ 15000	1,6 00,000
<b><u>Situation analysis and Construction Estimates</u></b>			
1	Payment for architect in relation to making housing designs usavi watte, dandeniya watte - (First Payment on 2006/ 8/ 18)	Rs. 358,000	
2	Payment for engineer on technical support drawn for housing construction on the above settlements ( First Payment – 2007 /9 / 27)	<u>Rs. 263,000</u>	612,000
<b><u>Moratuwa Urban Poor Development Fund</u></b>			
4	payment for the legal officer for making Article of the fund ( preparation of Ariticles of Moratu Urban Poor Development Fund ) first payment – 2006 / 9/ 24	80,000	
5	Registration fee and publicity cost <u>(First payment – 2008 / 4/ 30)</u>	75,000	
6	Advance payment for preparing business plan of the Fund – ( Payment date- 2008 / 08 / 24)	40,000	

7	payment on translation of the constitution of the Fund in to singhala (local language) – (Payment date -2008 / 6 / 1)	<u>5,000</u>	200,000
<b><u>Strengthening of leadership capacities in Moratuwa</u></b>			
8	Training programmes and leadership work shops (community workshops) (First programe on 2007 / 9 /26)	136,000	
9	Tranportation/ stationery/ communication From 2008 / 01 / 01	<u>28,500</u>	164,500
<b><u>Management cost of the Janarukula</u></b>			
10	Allowances and official affairs From 2008 / 1/ 1	<u>231,600</u>	<u>231,600</u>
	<b>Total</b>		1,244,100
	<b>Balance as at 31 / 10 / 2008</b>	<b>Rs.355,900</b>	

US\$ 40,000 received as seed capital from UNHABITAT has been temporary deposited in Sanasa Development Bank until such time the construction of the second stage of the Usaviwaththa Project is commenced.

## 12. CONCLUSION

Under this agreement Janarukula is mandated to develop and implement community led plans in collaboration with the Moratuwa Municipal Council to improve the living standards of 59 families in Usaviwaththa and 230 families in Dandeniawaththa. Both are low income under served settlements within the Moratuwa Municipal Council limits. The total population of these two settlements is 1162.

Janarukula along with its micro credit arm, Women's Development Banking Federation with the support of the Moratuwa Municipal Council and in participation with the community of the two settlements developed two independent community led plans for improving the living conditions of the communities living in these two settlements.

Under the plan developed for Usaviwaththa all the 59 families will get new housing units with improved living conditions and common amenities in a three story building complex in addition to the title deeds for the housing units that they occupy. Eight housing units of this complex have been nearly completed using all the resources made available to Janarukula effectively and efficiently. Action is also taken by the relevant government authorities to pass the legal ownership of these housing units to the respective occupants. For this purpose a substantial amount of domestic capital also could be attracted in the form of Government Grants(Grant from Arunodaya Project), loans from Women's Development Banking Federation and the contribution from the beneficiaries themselves.

Although a uniform project could be designed and operated for Usaviwaththa, the ground conditions at Dandeniawatha was found to be rather complex. To suit this situation the following plan has been designed.

- 1.For the families living under the high tension electricity wire and in the River reservation it is planed to construct G+1 building in the land selected at present and settle them in that building.

2. The area under the electric wire is to be declared as a green belt and maintain it properly.
3. For the people who are having title deeds, housing plans would be prepared and after getting approval from the Moratuwa Municipal Council, make arrangements to construct houses for them.
4. Preparation of a flood mitigating programme with the support of the Land Reclamation Board and the UN-Habitat. At present relevant agreements between the two parties are being prepared.
5. Upgrade three selected houses on trial basis .These three houses are now being upgraded using entirely local capital inclusive of the own funds from the beneficiaries.

### **Lessons learned**

The strategy used by the Janarukula for improving the living conditions of the urban poor is to mobilize the community into small savings and credit groups and federate them into one legal entity under the co-operative law of Sri Lanka. This legal entity will take collective decisions to solve the common problems affecting their members. This strategy has been very successful in attracting savings from members and taking collective decisions commonly beneficial to all. Due to this collective decision making process 20 house holders in Usaviwaththa settlements voluntarily agreed to demolish the houses that they were occupying for more than 50 years for the purpose of providing space for constructing the proposed housing complex. In return another 20 fellow house holders provided temporary accommodation to these house holders in there houses.



Further although it is generally believed that the poor cannot save, these house holders have proved that they can save if there is proper and acceptable mechanism for the purpose. . Funds mobilized under this savings scheme introduced by the Usaviwaththa Vanithashakthi Housing Co-operative Society 18/07/2008 was Rs.1, 653,830(US\$

16,500 approximately). Out of these funds Rs.800, 000 (US\$ 8,000) had been utilized for meeting a part of the construction cost of the 1<sup>st</sup> Stage of house construction at the Usaviwaththa.

### **Replication of Usavwaththa Achievements.**

More than 35,000 people in Moratuwa Municipal Council limit live in 52 underserved low income settlements. From 2004 WDBF **is** working with the communities in 32 settlements WDBF with the guidance and the facilitation of the Janarukula carrying out its initiatives further strengthening small savings and credit groups. Usaviwaththa sub project has proved us that if a proper mechanism is installed with necessary incentives and support domestic capital can be attracted impressively to provide start up funding for home improvement and business development to low income households within the Moratuwa Municipal Council limit.

WDBf, with the facilitation of Janarukula, will promote small savings and credit groups at all these 52 low income settlements and help the settlements communities to strengthen themselves forming cooperative societies and federating in to one Life improvement Cooperative Society (A community federation ) to serve the community to improve the lives of the poor living in these settlements...The purpose of the fund is to introduce the machinery to the established community federation in catalyzing and facilitating a pro-poor financial policy framework at Moratuwa City level Janarukula helped the fund in the process.

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