

# GLOBALINDIA

## INDIAN HOUSING PROJECTS FOR NEIGHBOURS: POSITIVE EFFECT, YES. BUT HOW MUCH? <sup>1</sup>

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### EXECUTIVE SUMMARY

Support for private housing reconstruction in the wake of conflict or natural disaster has been presented as a flagship programme by India in its foreign aid programmes in both Sri Lanka and Nepal. In Sri Lanka, the Indian Embassy used the title ‘rebuilding broken homes’ to describe this project (High Commission of India, Colombo, 2014). Within this context, this paper explores some of the project outcomes on the lives of the beneficiary communities, and the limitations and challenges faced while implementing these projects.

The brief analysis in the first half of the paper is followed by a set of key recommendations arising from this review. These include the need for India to systematically document learnings from its own grant-making processes, and to encourage learning and adoption of lessons learned from best practices of other donor partners where appropriate. This includes adopting grant-management approaches that include formal project evaluations and project designs that include impact assessment studies.

### INDIAN HOUSING PROJECTS: BACKGROUND

The Government of India as part of its development assistance to two of its South Asian neighbours provided support for the construction of 50,000 houses each in Sri Lanka (post-conflict) and Nepal (post-earthquake) in 2009 and 2015 respectively.<sup>2</sup>

In Sri Lanka, the Indian Housing Project (IHP) supported community members in areas affected by the civil war. It is one of the largest and longest grants that India has provided to any recipient country. The Indian government called the project a ‘flagship’ project and ‘an enduring symbol of India-Sri Lanka partnership’. Amounting to US \$270 million, the project was initiated after discussions between the then Sri Lanka President M Rajapaksa and Indian Prime Minister Dr Manmohan Singh in 2009. The agreement was signed between S.M. Krishna, former External Affairs Minister, Gol and Prof. G. L. Peiris, former

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<sup>1</sup> This project has received funding from the European Union’s Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement No 722446

<sup>2</sup> The IHP support has been increased to 63,000 from 50,000 houses since 2016 in Sri Lanka (Srinivasan, 2019).

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Foreign Minister, Government of Sri Lanka (GoSL) on 17<sup>th</sup> January 2012, with the project lasting from 2012 to 2015. The objective was to provide housing to families (mostly Tamil families with an amount of 550,000 Sri Lankan Rupees per beneficiary) who had been affected by the civil war between the Sri Lanka government and the Liberation Tigers of Tamil Eelam (LTTE). The project was implemented in various phases, starting with 1,000 houses being built under a pilot project, for over US\$ 10 million. This began in November 2010, before the signing of the MoU in 2012. Learnings from the pilot project were taken note of and changes were incorporated in the next three phases of the project, and in other newly-introduced housing projects that are being implemented with support from India across Sri Lanka through its then Ministry of Housing and Construction<sup>3</sup>. The Indian government also supported demining activities in areas where the project was to be implemented. Most of these areas targeted were in zones that were inaccessible after the end of the war (MEA, Gol, 2010, 2011, 2012, 2013b, 2013a).

According to Gol, the main objective of this project during this time period, like any other project supported by India in post-conflict zones, was ‘to ensure the welfare and wellbeing of Sri Lankan Tamils, including Internally Displaced People (IDPs), and to assist in the development of Northern Sri Lanka.’ There were some 300,000 IDPs who had lost everything, immediate relief and rehabilitation, including housing had to be provided to them (MEA, Gol, 2011; Menon, 2016, p. 98).

In the wake of the devastating earthquake that struck Nepal in 2015, India’s aid aimed at ‘emergency relief and long-term reconstruction’. India was the foremost country to provide immediate assistance and relief operations under ‘Operation Maitri’. India, along with China (\$483m in grant assistance) and Japan (\$260m) offered the most assistance after the earthquake for the reconstruction programme (Agence France-Presse and staff, 2015).

One-fourth of India’s US\$1 billion post-disaster support to Nepal was in the form of grants (MEA, Gol, 2016). Similar to the support provided in Sri Lanka on housing, the country has been providing funding for the construction of houses as part of this larger grant. A total of Three hundred thousand Nepali Rupees is being provided to each of the 50,000 beneficiaries as part of a US\$100 million grant in support of private housing. Both districts selected for this housing project are close to the country’s capital and are close to the epi-centre of the 2015 earthquake which killed over 10,000 people (The Hindu, 2020).

The money provided for these private housing projects are among the largest grants that Gol has provided in the South Asian region at the community level, and the IHP in Sri Lanka, which commenced in 2011, was the first of its kind for India. Keeping in mind the challenges of managing development projects of this scale and reach, the following section will assess the contributions that these two projects have made in the lives of beneficiary communities and will also highlight some of areas in need of further attention, followed by a set of recommendations for the Government of India.

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<sup>3</sup> <https://houseconmin.gov.lk/>

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## WHAT WORKED AND WHAT COULD HAVE BEEN DONE BETTER: SOME INSIGHTS FROM THE FIELD VISITS<sup>4</sup>

Implementation model: GoI, following the South-South Development Co-operation (SSDC) and the Paris Declaration on Aid Effectiveness principles of ‘national ownership’/ ‘ownership’ and alignment of programmes to the national agenda of recipient countries, implemented these projects in partnership with local implementing partners and government departments.<sup>5</sup> This model of implementation has largely helped in avoiding duplication of reconstruction work being undertaken by various donors and the respective recipient governments.

Beneficiaries and their selection process: While the National Reconstruction Authority (NRA, GoN) in Nepal shortlisted beneficiaries<sup>6</sup> for the housing project supported by GoI, in the case of Sri Lanka, GoI along with four of the IPs came up with a list of criteria for beneficiary selection. With these criteria and a points system in place, the IPs shortlisted 46,000 beneficiaries in the Northern and Eastern Provinces and 4,000 in the Central Province with the support of local government. The projects have benefitted some of the most vulnerable groups in both countries – including Dalit families, single women and war widows living in remote rural areas where road connectivity is a huge problem, and it can take a couple of hours to reach project sites from semi-urban areas (particularly in Nepal because of the rough hilly terrain).

The owner-driven model has been the main approach followed to build houses in the project areas. These houses are built by the owners with technical assistance from IPs. Funds are transferred in instalments directly to beneficiary accounts by the Indian Embassy in Colombo (Sri Lanka) and by National Reconstruction Authority (Nepal). This model has made the implementation process easier and has given the owners the flexibility to construct the houses as per their requirements (while ensuring that the basic guidelines and house designs provided by GoI/GoSL/NRA are followed) and their financial capacity. The adverse side of this model has been that people (for example - single women, disabled, elderly beneficiaries) who are unable to take on the construction of their own houses have had to depend on implementing partners, neighbours and relatives for complete support. One of the single woman beneficiaries met by the author during a field visit shared that she had problems with getting a water connection to her new house, and that progress on house construction was slow as masons were all busy working on other IHP-supported houses. Her only recourse was to get the work done at night because masons were available then. Many such challenges were shared by beneficiaries during field visits. Despite these challenges, however, most beneficiaries mentioned that the support given to them has helped them. That said, it has also been noted that the amount allocated for each beneficiary from either GoI, GoN or GoSL is insufficient to fully complete house construction. In many cases, beneficiaries

<sup>4</sup> Field visits were undertaken by the author as part of the PhD research between 2019 and 2021.

<sup>5</sup> UN-Habitat, Habitat for Humanity, The International Federation of Red Cross and Red Crescent Societies along with Sri Lanka Red Cross Society and National Housing Development Authority (NHDA), GoSL in Sri Lanka. UNDP and UNOPS as IPs in coordination with the NRA in Nepal.

<sup>6</sup> 26,912 and 23,088 houses in Gorkha and Nuwakot districts respectively

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have had to take loans from banks or from other family members which they are repaying with a lot of difficulties. This was also highlighted in the various news reports which were published in 2015 and 2016 (Satkunanathan, 2015; Muttulingam, 2016).

The transfer of funds into the beneficiary account in both the countries has ensured a more transparent use of project funds, and in Sri Lanka, this approach has had an additional advantage for India, where it has increased the country's visibility amongst beneficiaries, which has not been the case in Nepal.

Project monitoring and reporting: Gol's involvement in project implementation was compared to making curry by one of the respondents who worked on IHP. Other donors will taste the curry in the end, whereas India looks at every ingredient and checks if they are fine first. While this was shared as an added advantage over other donors, whereby Gol representatives become aware of the hurdles that are faced at the community level and the Indian officials' presence in the project areas bridges the gap between the donor state, recipient state and the beneficiary community, it also displays a degree of micromanagement on the part of India as a development partner while implementing these projects.

India's reporting system and monitoring mechanisms are relatively straightforward. There is flexibility when it comes to reporting, monitoring is mostly based on money spent, although reports also have details of other qualitative aspects. Comparing the EU's reporting and financial rules to India's, implementing partners felt that because India directly deals with beneficiaries in the housing projects, it is much smoother, faster and less bureaucratic.

Project timeline: The IHP in Nepal was initiated in 2018, three years after the earthquake, and as a result of this delay, some of the beneficiaries (who were shortlisted some months after the occurrence of the disaster by GoN) had to either live in temporary accommodation or start building houses with their own funds. Later when the Gol support started to flow in, some of these beneficiaries used that support to build a smaller second house or use that money to continue building the houses that they had started.

## RECOMMENDATIONS

1. Reconstruction projects are effective and more beneficial to the affected communities, especially in post-disaster and post-conflict regions, when they are implemented in a timely manner. Gol has to address this gap and ensure faster implementation of such projects.
2. Learnings from other projects supported by the Gol can be shared within the MEA. Gol and its implementing partners have done some good work in different countries, and a platform for sharing those learnings within the ministry can support improvements in other Indian grant-funded development projects. For example, in Sri Lanka, when the Gol housing project was starting to be implemented, beneficiaries were called to an initial meeting where they were briefed about the process to be followed, the timeline for building the houses, the support that they would get, where the support came from, etc. by the local authorities, a similar meeting here could have helped in Nepal.

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3. A lot of quantitative data and qualitative reports are being put together by IPs implementing these projects. It would be useful if MEA could synthesize these into a comprehensive project report (using the already documented reports) which can be published at the end of each project. Such a qualitative report for each of the projects would provide a better understanding of the process followed while implementing these kinds of projects, and learnings from projects can be used elsewhere if Gol supports a similar private housing grant initiative.
4. Gol is yet to have a system in place to study the impact and long-term outcomes of aid projects it supports. Developing an impact assessment process at the level of the embassy will add value to the development work that India is supporting in different countries. Consideration could be given to utilizing the Indian Technical and Economic Cooperation Programme (ITEC) to mobilize the necessary human resources for such assessments from India and recipient countries.
5. While it is important for India to advance development partnership activities/programmes upholding SSDC principles and developing its own implementation models in different countries, the country can benefit from studying some of the good practices followed by donors. Countries such as Japan (which also funded building of private houses in two districts in Nepal post-earthquake), have set up independent and effective institutional frameworks for providing grants.

## ABOUT THE AUTHOR

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