GOVERNANCE AND COMMUNITY PARTICIPATION: A COLLECTIVE APPROACH FOR UPGRADING THE MAHAiyAWA SLUM COMMUNITY IN KANDY, SRI LANKA

by

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

in

THE FACULTY OF GRADUATE STUDIES
School of Community and Regional Planning

We accept this thesis as conforming to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA

July, 2000
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ABSTRACT

The purpose of this thesis is to explore a feasible approach for upgrading the largest slum community, known as Mahaiyawa, in the inner city area of the Kandy, Sri Lanka. The community has been living in this location for over three generations, but the existing government institutional structure has not responded to ensure the economic, social and environmental well-being of the people. The existing practices of the urban governmental system to solve the problems of the community have not been successful. Instead, the further fragmentation of urban institutional network is the norm in Kandy.

Considering the empirical evidence of institutional constraints and conflicts, the thesis mainly focuses on the lack of local government capacity as a crucial factor to be addressed in taking measures for upgrading the slum community. Although Sri Lanka implemented a decentralization policy at the beginning of 1980s, the functional autonomy of the local governments is still limited due to a number of factors. The lack of local governments’ capacity is identified in four major areas, i.e. fiscal powers, access to financial resources, legal authority and professionally qualified personnel. This impairs accountability, transparency, management efficiency and the active role of civil society groups in governance.

The thesis argues that capacity-building of the local government through decentralization of powers is a necessary policy reform, but this is not a sufficient condition for creating a new form of good governance. It requires both the ability and the collective responsibility of local authorities, actors in civil society, including representatives of the slum communities, if a new form of governance is to be created for addressing the problems of slum communities.

The thesis concludes that the inability to solve the problems of Mahaiyawa slum community is mainly due to the lack of local government capacity, and therefore, certain aspects of the local governments’ capacity should be strengthened. Capacity-building of local government necessarily involves promotion of collective planning and implementation to solve the problems for upgrading the Mahaiyawa slum community. This study suggests that any effort to upgrade the slum community or relocate it to another area should be made in consultation and negotiation with the community and its leaders, to sufficiently address their concerns, particularly regarding ethnicity, culture and social aspects, and their locational dependency on the city for economic reasons.
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<td>Community-Based Organization</td>
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<tr>
<td>CDO</td>
<td>Community Development Officer</td>
</tr>
<tr>
<td>CP</td>
<td>Central Province</td>
</tr>
<tr>
<td>CWC</td>
<td>Ceylon Workers Congress</td>
</tr>
<tr>
<td>KMC</td>
<td>Kandy Municipal Council</td>
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<tr>
<td>MHDP</td>
<td>Million Housing Development Program</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<td>NHDA</td>
<td>National Housing Development Authority</td>
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<tr>
<td>SLPA</td>
<td>Sri Lanka People’s Alliance</td>
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<tr>
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ACKNOWLEDGEMENTS

I would like to thank the people of Mahaiyawa, and officials at the Kandy Municipal Council, Urban Development Authority and National Housing Development Authority for their participation in the discussions, and for providing me necessary and useful information to make this study a success.

I am grateful to Dr. Michael Leaf and Dr. Aprodicio Laquian for their guidance, advice and suggestions over the research and writing of the thesis. I am also thankful to all members of the faculty at the School of Community and Regional Planning, the University of British Columbia who taught and prepared me with necessary educational background for this study.

I would like to express my appreciation for the help of the Canadian International Development Agency (CIDA) for awarding me a scholarship to pursue my studies as a part of the "Education for Democratic Planning" project. I would also like to express my deepest gratitude to Dr. Tilarkaratne, Dr. Sisira Pinnawala, and Dr. Arjuna Parakrama for their support and encouragement in making my endeavor a success. A special thanks must go to Mikiko Terashima, UBC-Sri Lanka project coordinator- for giving me support and encouragement.

Finally, I am deeply indebted to my wife Asoka Malani and our little daughter Devika Sri Ranjith for their patience, encouragement, support and love.
To the poor who have been oppressed by the existing economic, social and political institutional structure for generation upon generation.
CHAPTER I

Overview and Summary

1.1 Introduction

The purpose of this thesis is to do an in-depth study on why it is difficult to upgrade the largest inner-city slum community in Kandy, Sri Lanka, known as Mahaiyawa. The thesis argues that the inability to solve the problems of poor public service provisions in Mahaiyawa slum community is mainly due to the institutional inability to deal with the situation. The lack of capacity of the local government institution is considered as the most critical problem in this situation. Therefore, the study proposes that the capacity building of the local government is a necessary condition for effectively implementing community based upgrading projects. Furthermore, community based upgrading projects that are collectively formulated by an empowered local government, actors in the civil society and the community would be the most fair and correct approach to deal with the difficulties in upgrading slum communities. This introductory chapter presents the background, objectives, methods and structure of the study.

1.2 Research Background and Problem Statement

In 1950, only ten cities in the Third World had more than one million inhabitants; by 1990, there were 171 such cities, with nine exceeding ten million. At the mid century, only about 16 percent of Third World population lived in cities, while today, the figure is close to 40 percent, and within the next three decades, as much as two-thirds of Third World population may reside in urban areas (Bergen and Garvey, 1995:163). The trends in population increase and their location in urban areas have posed the greatest challenge
for urban planners as well as government authorities in Third World Countries (TWCs). The challenge is in how to accommodate the increasing populations with equitable access to land, shelter and basic services, and livable environments.

Similar to the experience of other TWCs, Sri Lanka also faces the dilemma of how to manage the issues of urban growth and related changes, and how to improve the quality of urban life with environmental considerations. The process of urbanization in Sri Lanka has been experienced at moderate to rapid rates during the past three decades. The urban population in Sri Lanka has risen from 2.74 million in 1971 to about 3.68 million in 1991, whereas it is estimated that approximately 9.1 million people will be urban dwellers by the year 2020 (Mathur, 1996:118). Although the rural sector still represents the biggest share of the population composition, the impending urban growth in Sri Lanka is of even greater importance since it is accompanied by significant changes to the structure and character of cities. Moreover, the distinction between urban and rural is dissolving, especially as a result of improved communications and the growing tendency of people's dependence on urban activities for living. Thus, we must concentrate on policies and actions to improve socio-economic and environmental well-being of the urban dwellers.

Urbanization is recognized as a phenomenon intrinsic to development. However, Sri Lanka as a TWC is experiencing it as an unmanageable and controversial process. The concentration of poor people into urban areas is one of the most challenging issues for urban planners, policy and decision makers in governmental institutions both at local and
national levels. By selecting Kandy, one of the fastest growing cities in Sri Lanka, as a case study, this research focuses on the enhancement of economic, social and environmental well-being of urban society, in both formal and informal settlements and how it is shaped by the pattern of urban growth and the capability of local government institutions in dealing with demands and pressures that are being posed by the people.

Although the city of Kandy is small relative to many other cities in TWCs, the rapid rate of growth of the city, which is around 2.5% annually compared to the annual national population growth rate of 0.97 for the period 1995-2000 has made significant changes to the structure and environment of the city. According to the Kandy Municipal Council (KMC) and Urban Development Authority (UDA), in 1998 there were 52 low-income communities identified within the municipal boundaries. The growing informal settlements and their legally unauthorized means of obtaining municipal services and economic activity is partly due to the failures of the existing formal institutional structure. The problems of not having adequate and affordable shelter, basic services, and infrastructure facilities are the unsolved, unattended issues by the local authorities. Therefore, the question is naturally raised: why do not local authorities respond to these conditions? Do these local government institutions have the capacity to deal with the growing demands and pressures that are being generated by this process? What aspects of local institutions are weak and need to be strengthened? What are the kinds of procedures, rules and regulations and systems through which cities should be governed? Which local authorities should be responsible for the provision of basic services, houses and infrastructure?
Based on the above questions the thesis examines the capacity of KMC (the local government institution) as a crucial factor for upgrading the Mahaiyawa slum community.

### 1.3 Objectives of the Study

The main objective of this study is to develop an approach on which the Mahaiyawa slum community can be upgraded in terms of the provision of land, shelter and basic services, with the community at the same location or relocated to another place within the Kandy municipal area.

The suggested approach is a collective effort made by the local authorities, Community Based Organizations (CBOs) and other actors in the civil society such as academics, researchers, professionals, politicians, Non-Governmental Organizations (NGOs), private sector businessmen, and religious leaders who have the will and ability to mobilize resources and the knowledge necessary for promoting community based participatory upgrading projects. The basic argument in this approach is that local government should be at the center of the effort for which it needs to be empowered with policy making powers, financial resource powers, legal powers and personnel powers. The effort, which is generated by a collection of influential progressive actors in the CBOs and civil society will be a mutually reinforcing factor in achieving the objectives of local authorities in municipal management. The formation of this approach needs the commitment, leadership and desire of the local authorities through ability and responsibility, which will necessarily establish good governing relationships among the actors in dealing with the
problems of slum communities. If this approach is successful and fair by some or all of
the other slum communities in Kandy Municipality, it will be applied, with some
modifications as necessary, to upgrade those slum communities as well.

The growing and proliferating low-income settlements in the cities of TWCs are mostly
the result of similar process, such as rural urban migration and increase in the population
of communities by themselves. The formulation of policies and approaches to solve those
problems will need vary within a wide range of measures based on social, cultural, ethnic
and political dimensions. Therefore, it is important to learn and understand the
problematic situation in the global context, while scrutinizing each specific case and its
local context.

One of the major constraints to Sri Lanka’s goals of democracy and good governance is
the lack of capacity of local governments, especially the lack of professional planning
capabilities in local governments. Most of the town planners come from technical
backgrounds and lack the strategic, multidisciplinary and public policy orientation
required by participatory and pluralistic processes of planning. There are few structures
in place to incorporate the sociological, economic, cultural, ethnic, environmental and
political aspects of developmental policy among local planners. Lacking these
professional orientation and skills, planners are unable to provide strategic advice to
elected local officials and other policy makers. Therefore, contributing to the required
knowledge and understanding about how to manage urban growth in a democratic
manner is another main objective of this study.
Furthermore, the major cause of the inability to address the issue of urban squatter settlements is the lack of accountability of the local authority of Kandy. One of the objectives of this study is to expose the aspects in which the local governments are weak and need to be strengthened or empowered to formulate approaches and initiate community based upgrading projects for squatter settlements. In this way, local agencies can have proper incentives to engage with poor communities—something which they evidently do not have under current Sri Lankan decentralization moves. The abilities and responsibilities motivated by such empowerment, in turn, would be the base for good governance and community participation. Exploring a suitable approach which contributes towards a pluralistic democracy and a strengthened community that will focus on participatory and democratic planning at local government levels in Sri Lanka is thus another important objective of this study.

Finally, the study intends to explore the necessary mechanisms and methods by which each and every urban dweller may feel responsible or a partner in the development of the city and its environment. This approach therefore intends to integrate people into the main stream rather than isolating or stigmatizing them. Also it puts pressure on responsible parties and actors to make necessary measures for empowering local government and its accountability, this facilitating a system of good governance through community participation.
1.4 Methodology of the Study

1.4.1 Types and Sources of Information

Primary data were collected during the period from May to August 1999, from interviews with CBO leaders and randomly selected families in the Mahaiyawa slum community. The interviews were conducted regarding the availability of basic services, socio-economic conditions, family relationships to the CBOs, and social cohesion of the community. The total number of families interviewed was around 35 which included mostly Tamil and a few Sinhalese and Muslim families. Some of these families are also members of the CBOs and information was collected on their views on CBOs and community participation in organized development activities and leadership qualities.

CBO leaders were separately interviewed regarding the performance of the CBOs, views on the members and their participation and the supportive relationships that the community leaders have with outside actors in civil society as well as with governmental institutions. The information on communal use of water pipes, sanitation facilities, and sewerage and solid waste management system was provided by the Community Development Officer (CDO) who is an officially appointed officer by the KMC to coordinate communal issues, concerns and maintenance of basic services in Mahaiyawa community. Furthermore, the CDO provided information about the history of the slum community and the changes in residential patterns over the last three decades. Also he willingly shared his past experience as a resident of the community and an officer of the KMC, regarding institutional attitudes and community concerns over the present situation of the community.
The officials of Kandy Municipal Council (KMC) and National Housing Development Authority (NHDA), Urban Development Authority of Kandy (UDA) were interviewed regarding their views on the problems of growing slum communities within the municipal area and what constraints exist in the institutional aspects in addressing these problems and what factors impede measures to solve the problems. In all these discussions particular attention was drawn to the Mahaiyawa slum community, the institutional implications of the present situation, and the future measures for dealing with the demands of the community. The views and responses of the officials were separately given in certain cases as institutional views and officials personal views. In addition to the information given verbally, they provided useful materials such as maps, annual reports, and field survey and estimated data.

Furthermore, I discussed with the members of the faculty of the University of Peradeniya who have conducted or involved in research on slum communities, local government administration, and political and economic policy issues in Sri Lanka. They provided valuable ideas and guidelines for this study based on their research experiences. They also provided useful study materials such as research articles, publications and secondary data on slum communities and the geographical and physical set up of the city and its growth patterns.

In addition to the interviews, supplementary information was collected from library research regarding the historical perspectives of the city of Kandy and its implications for the Mahaiyawa slum community.
1.4.2 The Research Process

Research assistance in collecting field data was given by two students of the University of Peradeniya, Sri Lanka who have previous research experience involving field data collection. However, I spent about 2 days to discuss with them the research problem, selecting the sample and formulating methods for conducting interviews and collecting data, information and observations. At the initial stage of the research, the family interviews were conducted jointly by the two students and myself.

Although a questionnaire was used to make brief notes the interviews were mostly conducted by way of informal discussions. It helped to go beyond the questionnaire for information that is useful and relevant for this study. Interviews were not recorded and photographs were not taken. Instead, brief notes were made for directing the discussion and many observations were done regarding the availability, adequacy and quality of basic services, including housing, water pipes, toilets and sewerage and solid waste management system. Participation by the discussions was made only voluntarily and no compensations were made to the participants.

The CDO, an appointed officer by the KMC, assisted throughout the whole research process by providing general information regarding the history of the community, the transitional periods and pattern of growth, community dynamics, concerns and issues of communal sharing among individuals and families in the community. He also helped to make appointments with the officials at KMC.
The interviews with the officials of KMC, UDA, and NHDA were conducted by myself only. Most of the interviews were arranged by making appointments and conducted within a given period of time. Discussions were undertaken both formally and informally. The formal interviews helped to find out institutional perspectives of the research problem, such as the capacity of local government, whereas the informal discussions helped to understand the personal views of the officials regarding the present situation of local government institutions and their implications for the community. Discussions were not recorded, instead notes were made while the discussions were progressing. Some officials who I personally know helped me to contact other officials and directed me for collecting useful information from documents and official reports.

Although the field research involved in collecting both qualitative and quantitative data, the quantitative data of the research were minimally used in analytical part of this study. This is mainly because of the limitations of such data in examining many of the controversial and imprecisely defined, but important, qualitative aspects of the study.

1.4.3 Conceptual Framework

The conceptual framework of the thesis shows both the vicious circle of the present state of governance and the potential for a virtuous circle of good governance. The vicious circle emphasizes how the present system of powerless local government system supports maintaining the status quo of a problematic situation, allowing for the deterioration of the socio-economic and environmental well being of the urban society. The virtuous circle of good governance shows the ways in which the collective approach can be formed by
empowering the local government, and how this is reinforced by influential progressive actors in civil society and CBOs (Figure 1.1). The arrows of the figure show cause and effect relationship.

The term ‘capacity’ is defined in terms of four broad categories.

- Fiscal powers, which include local government’s ability to impose taxes for increasing its revenue generating capacity as well as the expenditure side of the local government administration on the development and improvement in the municipal services.

- Financial capacity refers to the local government’s authority to use innovative financial tools and mechanisms to improve the financial base as well as its ability to make monetary transactions (loans or any other formal method of capital mobilization) independently and competitively with external institutions, locally or internationally, rather than depending only on the expensive financial resources of the central government.

- Legal authority refers to the local government’s ability to amend and introduce rules and regulations that are appropriate for application at local levels.

- Personnel capacity refers to the capability of recruiting qualified, professional, and competent working staff to perform the managerial tasks of local government efficiently and effectively.
Figure 1.1

The Vicious Circle and the Virtuous Circle of Local Government Capacity

Problem

Failure of Local Government

- Issue of cost recovery
- Managerial inefficiency
- Less collectivity

Local Government Capacity

Less Capacity

Empowered

Civil Society

Governance

Bad

Good

Expansion of the Informal Sector

Ability and Responsibility

- Interaction with the civil society
- Integration of the Informal Sector

- Leadership Quality and Collective Efforts
- Promotion of Participatory Approach

Urban Poverty

- Health issues
- Environmental issues
- Social Problems

Enhancement of Economic, Social and Environmental well-being

Remedy

Decentralization

- Fiscal
- Financial
- Legal Authority
- Personnel

→ - Capacity depreciation

→ - Capacity feeding
The framework shows that the lack of capacity impairs accountability, transparency, and management of the local government and ignores the role of civil society in the governing relationship. Therefore, the issue of governance causes local government to deviate from the norms of the poor communities, and the expectations of actors in civil society. Thus, poor people tend to select alternative means to solve their problems and thus express their demands informally. However, these practices are not viable and can cause various health and environmental consequences and undermine the socio-economic well being of urban society.

Furthermore, the expansion of the informal sector limits the possibility of cost recovery of the existing services provided by the local government, promotes managerial inefficiencies, and involves against collective approaches to solve the problems of municipal management. This results in the failure of local government, further weakening local government capacity. The left-hand side of the Figure 1.1 shows the vicious circle of this problematic situation. The framework assumes that the lack of local government capacity is the crucial factor for finding a permanent solution to the problems of low-income slum communities.

The right-hand side of the figure shows the virtuous circle of the picture once local governments are empowered and can be effectively involved in promoting participatory and collective approaches for the enhancement of the socio-economic and environmental well being of urban society. The crucial link in this framework is the integration of the informal sector, which refers to the process of linking the existence of the informal sector
and with the formulation of policies and processes by which formalization or regularization may be possible. In this collective approach, the roles played by actors in civil society such as academics, politicians, researchers, NGOs, religious institutions and private sector are important.

1.4.4 Limitations of the Study

The selection of the Mahaiyawa slum community as a case study for this research posed several difficulties with regard to the general characteristics of slum communities in the Kandy Municipal area. This is mainly because of the specific factors of this community, regarding its economic and ethnic history, which are typically different from other slum communities.

There were also certain limitations in the process of the field survey and data collection. My selection of this study was stimulated by the authentic understanding of the problematic situation from being a resident of the city of Kandy for more than 20 years. Therefore, only limited financial support was given to this research by any institutions or individual. Thus, the number of family interviews was limited to minimum requirements. Furthermore, some other limitations such as expenses on transport, communications, and expenses on materials were also confronted in this research due to financial constraints.

The incompatibility of secondary data provided by the institutions such as KMC, UDA and NHDA posed some difficulties in understanding the actual situations, patterns and trends of the city growth, demography, and revenues and expenditures of the local
government institutions in municipal management. Furthermore, there were also limitations on finding recent field survey data and updated city maps from the local authorities. Instead officials provided their own estimations and draft maps and figures regarding the expansion of the city, slum communities and their locations and boundaries.

The misuse of previous field research in Mahaiyawa has made many community households disappointed due to empty promises given by the previous researchers. This is a constraint for subsequent researchers. Therefore, it took time to re-establish the interviewee's rapport regarding the importance of this research. The time that I was able to devote to collect data and information as well as do analysis and write the thesis was constrained by various factors such as the limited period of study leave and limited time available for field survey and writing.

Finally, although there were a number of constraints and limitations in the field survey, the effects of these limitations were mitigated by managing existing resources and time. Therefore, the conclusions and the recommendations of this thesis were minimally affected by the limitations of the study.
CHAPTER II

Governance and Community Participation

This chapter primarily focuses on the roles of local government institutions in the context of urbanization in Third World Countries (TWCs) and their implications in promoting community-based slum upgrading projects as a part of municipal management processes\(^1\). The main objective of this chapter is to draw attention to how the present system of local government should adapt itself to the intense changing nature of urban expansion and face the challenging task of integrating large segments of poor people into the formal systems of urban life. The necessary approach will have to be more collective, collaborative and effective if this task is to be fulfilled and beneficial not only for the poor urban dwellers but also for the whole society. Based on the hypothesis that assumes capable institutions and community participation are the two most important strands of a successful approach for slum upgrading in the TWCs. This chapter provides a theoretical framework for analyzing the case study of Mahaiyawa in Kandy.

One of the pressing problems that today’s TWCs are facing is rapid as well as unmanageable urban growth. Alarming increases in urban populations augmented by rural-urban migration (of mainly the poor), has posed a challenging task to the governments of these countries. The question to be addressed is not only how to slow down the migration of the poor to the city (most of the largest Asian cities are doubling in

\(^1\) The term “Third World” is controversial. I have taken its meaning to be more than just the position a country holds in terms of economic status but, rather, implications in terms of demographic, social and political structures. The term “local government institutions” is used interchangeably with local authorities and municipal councils. As well, since local government may include all the other tiers of central government administrative structures, this study particularly refers to the municipal councils and their roles in managing urban development.
size every 20 years or so), but also how to integrate them into urban life in a more equitable manner (Douglass, 1992:17). At present, people of many TWCs have lost confidence in their governments in bringing solutions to the urgent socio-economic and political problems. Although efforts have been made to improve the quality of urban life and its environment, evidence suggests that authorities both at local and central levels have failed to meet these challenges. Large numbers of city dwellers are left without adequate shelter, and without access to safe water or sanitary services, while haphazard patterns of urban growth has caused economic inefficiency, environmental degradation and human misery (Devas and Rakodi, 1993:1). This depicts how existing institutional structures are no longer capable of providing services effectively and efficiently to these rapidly growing urban communities. It has, therefore, become essential to study why present institutional structures are incapable of dealing with the present situation. What aspects of institutions need to be changed? Who are the actors and what factors should be strengthened or integrated into policy formulation? And what alternative models are suitable? Answering these questions will be helpful for understanding the problematic situation and for formulating feasible approaches for dealing with these urban issues.

2.1 Urbanization in the Third World

Although urbanization is generally recognized as a developmental phenomenon, the TWCs are experiencing it as a controversial process and are confronted with various economic, social and political issues, which are related to the deterioration of the quality of life for the urban dwellers and to environmental degradation. As one aspect of it, the poor are being concentrated into urban centers and are becoming the main component of
society. In order to understand why this is problematic we have to take into account not only the pressure of today’s situation but also the possible future impacts of the urban life in the Third World.

Population growth and urban expansion have continued to occur in many developing countries since the 1950s. Contrary to the fact that urbanization has often been claimed as a primary determinant of fertility reduction, cities in these countries often have very high natural growth rates (Bergen and Garvey, 1995:163). Accordingly, between 1950 and 1990 the world’s urban population has more than tripled from 730 million to 2.3 billion. Between 1990 and 2020 it is likely to double again, to over 4.6 billion. A staggering 93 percent of this increase will occur in the developing world (Figure 2.1) (Devas and Rakodi, 1993:2). It shows that the expansion in the world’s urban population will take place almost exclusively in the TWCs during the next two decades or so. Therefore, the transition period of the next two decades is going to be more alarming to all responsible actors than it is today.

How to accommodate these people with at least basic services to ensure a minimum quality of life is definitely a challenging task, not only because of the additional population and their needs of basic services, but also because of the needs of the existing populations. To meet basic infrastructure needs for the additional urban populations between 1990 and 2000 would require developing country governments to spend some US $80-120 billion per year;
this is just to cater for the additional population, without any provision for improving conditions for the existing urban population (Devas and Rakodi, 1993:9). In many Third World countries, government funds are insufficient to meet these financial resource requirements for the most disadvantaged segments of the population. How confident are the governments in these countries to take this challenge for the period of ahead? The systems of management will therefore have to be equipped with suitable policy measures and effective tools appropriate not only for addressing current issues but also for addressing the issues that are likely to emerge ahead of time. Further delay in action will increase the severity of the situation and make the consequences more devastating, exacerbating economic inefficiencies, environmental degradation and human misery.
2.2 Failures of the Existing Municipal Management System

The failures of municipal management in the context of TWCs can be viewed from many perspectives. For the sake of minimizing the complexity of the issues, four broad categories are identified in this section as the most important functions for determining the performance of municipal governments.

2.2.1 Failure to Provide Basic Services

Provision of basic services, which includes shelter, safe water, sanitation and environmentally sound waste and sewerage management systems, is a fundamental as well as a distinctive function of municipal governments. At present, many of the city governments in the TWCs are been unable to perform this task satisfactorily. Poor people, particularly those who live in slum communities do not have adequate and equitable access to basic services, and are faced with serious urban service deficits. For instance, in India, 11-30% of the urban population has no safe water, 57% have no access to any form of sanitation services and 40% are not serviced by solid waste collection. In Indonesia, only about 40% of urban households are served by some form of garbage collection. Data for some major Asian cities show that only 42% of the urban population have access to sanitary facilities, which is significantly lower than the global average of 62% (Mathur, 1996:115). The health consequences due to this lack of services are enormous, and the worsening quality of life and environmental degradation.
2.2.2 Financial Inadequacy

In general, municipal governments in TWCs are financially weak and unviable. The financial capacity is limited to a few local sources of resources. The necessary financial requirements for municipal management cannot be met by the existing financial instruments that are extremely narrow, relatively inelastic (inflexibilities) and non-buoyant. Under the present system of fiscal policy, the central government usually takes the taxes that are flexible to adjust, easy and less expensive to collect, leaving local government with revenue sources that are politically and administratively difficult and costly to collect (Cochrane, 1983:8). Therefore, municipal governments still have to depend on the central government for grants and loans and are thus faced with large internal and external debts. Furthermore, there are certain managerial inefficiencies which also contribute to aggravating the situation.

On the other hand, without adequate financial resources, local governments are unable to attract professionally qualified people, particularly professionals such as accountants, assessors, and surveyors, who are competent in managing financial resources prudently and performing administrative activities efficiently and effectively. For instance, in most of the municipal governments in TWCs, property taxes are not updated or revised according to the latest valuations, and changes in the city area and municipal boundaries. The procedures for user charge collection are costly and inefficient, budgeting systems are old fashioned with an emphasis only on expenditures rather than outputs (or revenues) of local governments. Innovative and cost effective financial tools are not
introduced to attract financial resources competitively. Therefore, in many aspects local governments have failed to perform their financial management tasks successfully.

2.2.3 Inappropriate Regulatory Framework

The regulations, procedures and administrative systems in local governments are complicated, cumbersome, time-consuming and costly. The procedures tend to become further complicated when the administrative systems deviate from the rational pattern of bureaucratic behavior, particularly in TWCs where corruption, personal contacts and officials attitudes towards people play an important role in the public sector. The poor who do not have such means of access suffer more under such systems. They do not have much time to devote to following regulatory requirements and procedures either.

Therefore, the existing administrative system negatively affects the poor and impedes their daily work routines and meager incomes.

The failure of the system, unfairness and inappropriateness in regulatory framework is reflected by the enormous expansion in the informal sector in urban areas. People tend to practice informal procedures at their own risk when the various costs that are involved in formal procedures outweigh the benefits. As a consequence, the activities outside the formal system are becoming increasingly accessible, affordable, and efficient. Therefore, local government institutions are being deviated from their prescribed mandates in the Third World.
2.2.4 Lack of People Representation and Participation in Municipal Affairs

According to the present system of governance, people's participation has been the center of development policies, projects and approaches. However, neither institutions nor the so-called experts outside the administration system have been able to understand "what participation means," and "how to achieve it". They criticize the "top-down" decision-making approach and suggest "bottom up" as the alternative, but still the power is in the hands of the top level, leaving the institutional constraints against people's participation unsolved. Even under the recently introduced decentralized system, participation has not yet been realized or rather it is dismal. Therefore, local government institutions are far from being able to realize people's representation. The existing capacity of institutions complies with the interests and desires of the rich and powerful social classes in the city. The situation has made people less accountable and collaborative, which can also be cited as a major reason for resisting attempts of cost recovery and the continuation of subsidies for development projects at local level (Sivaramakrishnan, 1992, Mathur, 1996:117).

In all the above four aspects local authorities in TWCs show backward and failed performance in dealing with urban issues at local level. Local government institutions do not have the capacity to mobilize resources, nor the social and political will for the betterment of local people. Therefore, fragmentation of the nucleus of the urban centers has been a critical weakness for developing any collaborative approach to urban management. If the existing municipal culture obstructs these channels or mechanisms, it must be changed appropriately focusing attention on the need for strengthening local government.
2.3 "Governance" in the Context of Urban Management in Developing Countries

The term "governance" has a broad meaning and is applied in different contexts in public administrative and management systems. In an urban context, it implies the capacity of local government institutions and the ways in which they use power in dealing with urban issues, the formulation of policies and decision-making. The best form of governance in this sense should be more interactive, and collaborative, and should be examined from the perspectives of accountability, transparency and participation by the various actors that are involved in municipal management. As it has been clearly expressed in a book edited by McCarney et al. (1995) the emphasis is on the contextual importance of governance, particularly for developing countries.

As we increasingly recognize that civil society organizes into new associational arrangements, often to pursue survival strategies in this changing state-civil society nexus, it becomes important to reconsider our thinking about government within a broader dimension. Hence the increased attention to the concept of governance (94-95)

Along the lines of these implications, the interaction of civil society and government in performing municipal management is becoming a more important process. Moreover, the effectiveness of the above mentioned approach of good governance will mostly depend on the functional capacity of local government in terms of financial, legal, and human resources in decision-making and executing development projects and programs. Therefore, the existing problematic mismatch between expectations of civil society and the functional capacity of local governments allows us to reconsider local government as more than just a technical or administrative arm of central government, but a body of
government administrative structure which can mobilize necessary resources within and outside the municipal boundaries, stimulate people’s participation, and political will in order to achieve goals of municipal management collectively and collaboratively.

People expect and need basic services, infrastructure facilities, livable environments, violence free communities, equal rights and less confrontational relationships with local institutions. These fundamental physical and humanitarian needs and rights have to be satisfied to carry out their day-to-day lives smoothly, efficiently and productively regardless of social status, culture and ethnicity. In fact, fulfilling these requirements are pre-requisites and responsibilities of any government. The urban poor in the Third World are far from obtaining these fundamental needs and rights of life.

Integration of the urban poor into the formal stream is highly unlikely to be realized without considering root causes of the issues from both communities as well as institutional aspects. Therefore, local governments need to be more responsive to the local concerns equally and fairly rather than maintaining a patron-client relationship with local people or playing a passive role in dealing with community issues.

Complementary to the above factors, the effectiveness of urban governance also depends on the manner in which the informal sector is organized socially and politically, and articulated within the formal urban administrative structures (Nabuguzi, 1989; Halfani, 1996:199). Therefore, understanding of these community dynamics in terms of social, cultural and ethnic make-up will be an important step towards community capacity
building. This governing approach is becoming more relevant for today’s Third World municipal management perspectives as the informal sector continues to grow quickly, gradually becoming the dominant component of urban centers economically, socially and politically.

2.3.1 State Reforms and its Implications for Governance

Having identified “urban governance” as a critical theme for urban research during the 1990s, urban researchers in the developing world have made an effort to expose the evolving nature of urban governance and its implications in their local contexts (Devas and Rakodi, 1993; McCarney, 1995). They have considered the role of local governments and their institutional capacities under the on-going extensive state reforms, which could be a critical factor for urban management in the developing world. During the 1970s, policy makers assumed that the “trickle-down” effect of liberalization policies would solve the widening gap between the rich and the poor. Along these lines, many developing countries undertook restructuring of fiscal policies and assigned the private sector to perform production and service activities. Reduction of government expenditure on subsidies, transfers and welfare was another main feature of this policy change. As a consequence, domestic small-scale producers and enterprises were exposed to international competition and high-tech production processes. By the end of the 1980s and 90s, this policy movement resulted in a huge gap between the rich and the poor. In most cases, opposite of policy assumptions were experienced, in which the poor in TWCs often found themselves worse off than before. It was clear that the market on its own would not necessarily produce outcomes that benefit the whole society.
The question was not whether the state should intervene, but rather to what extent it should intervene, and what form that intervention should take (Devas and Rakodi, 1993:33). Responding to the question, state reforms began in many countries with the reorganization of government administrative structures and the initiation of critical transitional steps to democratization through the process of decentralization and the devolution of powers to local levels. This created a new form of governing structure in the management of cities in these countries (McCarney, 1995). Nevertheless, the expected results of the reforms are yet to be realized.

The success of recent decentralization efforts is mixed, mainly because reforms are still underway and the entire process is incomplete. There still are significant problems with local governments, even in those countries where decentralization is pronounced. Many have inadequate powers to manage urban growth and provide services because of overlapping responsibilities of local and national agencies. Only limited powers to raise revenue have been legislated in many cases, and significant, independent, local financial resources are lacking. A heavy reliance on national government transfers prevails. Most local authorities lack skilled manpower and have limited knowledge of effective planning and management of urban services. Often this is supplemented by a lack of democratic accountability at the local level (Brockman, 1996:55).

Some argue that it is necessary to give more powers to local levels for making a good relationship between the local authorities and the community, in order to improve participation and accountability for solving problems according to the local needs (Devas and Rakodi, 1993; McCarney, 1995; Halfani, 1995; Mathur, 1995). Whereas others, especially economists, are concerned about the stabilization issues and possible crowding-out effects on private sector investment while politicians at national levels are
concerned about the conflict over power relations between the local governments and the central government² (Bailey, 1999).

2.3.2 Improving Local Government Capacity

Local governments are sometimes simply referred to in the economic literature as 'subcentral authorities'. In political terms local governments can be thought of as democratically-elected bodies whose jurisdiction is of a local (rather than regional or national) scale, backed by powers to levy local taxes with which to exercise genuine discretion over service provision (Bailey, 1999:2). In a strict sense, municipal authorities are partners of central government agencies, and together they are the organs of urban governance. However, the functions of these authorities are constrained by various economic and political influences at the center. This raises another debate of private sector involvement in the provision of basic services, as an alternative to the public sector direct provision of services. The questions arise as to whether the private sector can be entrusted to deliver these basic services while keeping efficiency and equity in mind. Privately provided services are likely to be more expensive for the users. Can the poor in the Third World cities purchase these services with full cost-recovery, or will they further suffer from this policy? (Mohanty, 1993). Likewise, this raises the policy issue of whether the authorities should continue to provide services at subsidized rates. In fact they are no longer able to provide services for free or at subsidized rates. In many of the developing countries, subsidy policies are wrongly implemented. They are often given to

² The exclusion of private sector investment due to the expansionary fiscal policies implemented by the government is known as the crowding-out effect. In fact, this argument is not true regarding the empowerment of community which can have a completely opposite effect on the economy through the expansion of the effective demand for good and services once people's living condition is improved.
programs that benefit privileged groups or those in power. Therefore, certainly it is not the poor who benefit from these policies (Laquian, 1983:34).

Some argue that the poor in some TWCs already pay higher prices for services provided by the informal sector and therefore services should be extended to the poor by the public sector. For example, in Jakarta, Indonesia, water vendors who collect water freely from public stand-pipes and sell it at higher prices to the poor people who are not connected to the main supply. The use of this water by vendors is an unintentional subsidy for informal business activity. It means that the poor have to pay far more to buy water from vendors than do those who are connected to the main supply (Devas and Rakodi, 1993:173). In this case, municipal government faces the problem of recovering the cost of services whereas the poor people suffer from paying unnecessarily higher prices for basic services. No definite policy action to solve these anomalies within existing institutional structures has been identified. The rampant violation of rules and regulations, and the growth of alternative service delivery systems are all symptomatic of the existing governance system.

The other aspect of why local government capacity should be improved particularly in dealing with the issues of low-income urban communities arises from two factors. First, the poor are poor in terms of various aspects of quality of life out of which irregular and low income is critical. Almost all of the families in slums are living under abject poverty and below the poverty line specified by the World Bank. Second, they are not able to afford to pay for high quality services with regular payments (Laquian, 1983:24), because
their incomes are irregular and smaller and hardly predictable. Therefore, the poor urban individuals can not follow standards and rules and regulations on locating or constructing their basic infrastructure or amenities, because those procedures are expensive and time consuming. On the other hand, it is a common criticism that, rather than serving as a normative guidance for the working of society, laws and regulations in developing countries often only serve the need of those in power to maintain the status quo or as means of social control. As a result, many laws and regulations concerning urban and housing development may have been developed but remain ineffective, as they function more for decorative purposes than as a guidance for the working of society (Lev, 1987; Cotterrell, 1992; Setiawan, 1998:5). In this case community expectations cannot be met by the approaches of local government institutions unless changes are made to improve the legal capacity of local requirements. One might guess that flexible approaches would promote low quality services to the poor people. But it does not necessarily produce such outcomes. This approach will allow decision-making at local levels and let people decide the quality of services that they can afford to pay by themselves collectively and the best policy measures for resource allocation. Therefore, local governments should necessarily extend their support and thus be more interactive with communities.

In most cases, the failures of low-income community upgrading projects are attributed to the lack of community participation, but this is not something that cannot be promoted by community itself. Although researchers and NGOs are aware of the importance of community participation only a little has been done to promote it. Adequate attention has not been drawn to capacititating institutions at local levels to become effective partners of
community based upgrading projects. Instead, adapting methods to deal with such systems where poor people are being dispensed the burden of low-income community upgrading projects. Therefore, attention needs to be drawn to the fundamental factors that are weakest in the effort to implement participatory community-based upgrading projects.

2.4 Decentralization as a Process of Promoting Self-reliance of Local Actors

Decentralization involves the delegation of powers to lower levels of governments in a hierarchy. The hierarchy is in the order of central government, provincial government, local government (municipal council), and divisional secretariat (Smith, 1985:1). It includes both reversing the concentration of administration at a single center and conferring powers at local levels. It is also a continuum of the distribution of responsibilities and powers rather than a single policy change at one time. The objectives of such a policy change are to work out a system which gives more ‘local’ freedom for both decision and action on matters which are primarily of local impact (Mukandala, 1990:68). Some of the recently decentralized local governments created under this process have themselves found that further decentralization is necessary for effective municipal management. The experience of decentralization shows that the scale and extent of decentralization have varied enormously. In many Latin American countries, decentralization has meant a shift from a centrally appointed mayor to one directly elected by the public. In some countries in Africa, by contrast, decentralization appears to have occurred only in name where central government continues to appoint municipal officials and control local spending decisions (WRI, 1996:126). However, only a few
countries have taken measures to implement this policy effectively in dealing with issues and concerns at local level. For instance, in the Philippines, the importance of a more decentralized government structure and extensive public participation to provide services responsive to local needs was recognized by the central government in the early 1990s. The Local Government Code of 1991 (Republic Act 7160) became a landmark which devolved a large scale of political power and responsibility onto local government units. The code also mandated the inclusion of non-governmental sectors in certain decision-making functions, and promoted public participation in public services management (Terashima, 1999:1).

Governing capacity or “good governance” requires a decentralized state to exercise adequate powers at local levels. There are three characteristics which municipalities should have in order to exercise this power. First, they require the capacity to command and direct government policies, and programs. Second, they need the capacity to coordinate between different political institutions and interests. Finally, they must have the capacity to implement their own decisions (Prates C. and Diniz 1995). How many countries that implemented decentralized policies have local governments with these capacities? For instance, in Sri Lanka, some of central government administrative functions were decentralized to Provincial Councils in 1988. Under this reform, municipal government became the third tier of the administrative hierarchy. However, the effectiveness of the system has not yet been realized due to the lack of capacity of the newly formed local government system, which deals with administrative powers only. The third tier has neither fiscal powers nor monetary powers to maximally exploit the
effectiveness of the system. As a result, provincial as well as local governments continue
to depend on the center for allocation of resources, commit to implement conventional
rules and regulations laid out by the center, and are less flexible to intervene and facilitate
local requirements and concerns.

Moreover, direct and indirect intervention of the central government through appointing
high rank positions as agents of the centre (for example, in Sri Lanka, the Governor who
holds the executive powers to each provincial council is appointed by the central
government), and the intervention of parastatals with rules and regulations have impaired
and neutralized the functional capacity of local government systems. Discretion of
planning, decision-making and implementation are still performed under the supervision
and recommendations of the central government.

The crucial point this demonstrates is the determinant of the degree of decentralization,
which is important to the effectiveness of capacity building of local government. The
degree of economic and political decentralization is measured in four main ways,

➢ The range and importance of functions undertaken by local governments in their own
capacity rather than as agents of central government;
➢ The legal basis for local government autonomy;
➢ The proportion of public expenditure accounted for by local governments net of
necessary national expenditures; and
➢ The degree of dependence of local governments on intergovernmental grants.

(Bailey, 1999:33).
Within such ranges the implementation of decentralization policy differs from country to country. In Latin American countries, decentralization means additional reforms to the laws or codes of municipal administration, and granting them additional powers and resources. In some countries, for example Turkey and Zimbabwe, it has been legally and politically possible for municipalities to expand their boundaries to incorporate areas of peri-urban growth. In Zimbabwe, a single municipal council is normally responsible for the whole built up areas of towns and their immediate environs. In Turkey, municipal boundaries have been readily expanded to incorporate and service unplanned settlements, and a powerful upper tier metropolitan authority has been created for the larger conurbations (Davey, 1993:156). Furthermore, the power of local authorities can also be used to control the sprawl of fast growing cities, provide services to the peripheral land and use them as residential areas that support small town centers. In some other cases, for example Bombay in India, municipalities maintain hospitals, schools, and electricity distribution in addition to the provision of basic services to the urban dwellers (Ibid). These example shows that local government can be a powerful institutional structure which can cover a wide range of local needs if required authority and capacity are downloaded to the local tiers of the government administrative hierarchy.

2.4.1 Decentralization and Community Participation at Local Levels

The lack of capacity of local authorities that have been designed for more centralized service-delivery approach and structures, systems and norms currently pose barriers to meaningful people's participation (Korten, 1983:183). This implies that participation, augmented by social cohesion, and undertaking issues at manageable levels with more
transparent decision-making, will allow a system of governance by which citizens manage and foster their own living environments. This approach is more relevant for addressing the problems of today's Third World urban poor than any other period in the past. The underlying rationale is the belief that enhanced participation will promote a more accurate understanding of the nature of issues. This will in turn:

- Improve the efficiency of urban investment through the involvement of local knowledge and choice
- Improve the execution of urban investment through the local accountability of management. This is because of the returns on these urban investments are also enjoyed by the local level.
- Increase the recovery of costs of urban infrastructure from its beneficiaries through local taxes and charges. This can be experienced when beneficiaries of the services have a sense of ownership of the services from which customers become responsible users of the services.

(Devas, 1993:155)

These positive factors can be utilized for mobilizing community and local government resources for appropriate community-based infrastructure and service development programs. The close reciprocal relationship will help authorities to identify the problems and other community dynamics at grass-roots levels, whereas community leaders or representatives can easily build up linkages with local authorities and manipulate them for urban resources and official support. Therefore, a decentralized system will be a complementary factor for enhancing community participation and consolidating the mutual understanding of state and civil society relationships. However, the experience of decentralization needs deeper analysis to examine various other aspects, such as local politics and bureaucratic administrative structures, where problems are insurmountable and impede the channels of communication and participation.
2.4.2 Obstacles to Good Governance

2.4.2 (a) Power Relations between the Centre and Local Levels

Usually central government parastatal agencies in TWCs are less inclined to be accountable or cooperate with municipal councils, and act more towards the desires of the central government, impose rules, and implement projects involving themselves in operational activities at the city level. Often having too many institutions at local levels with overlapping functions has led to a lack of coordination, resulting in jeopardizing the functions and responsibilities of these institutions. Furthermore, these central government agencies have shown more interest in creating and retaining special development authorities at the national level rather than strengthening local institutions. This has led to the creation of local government systems in TWCs where most municipal functions are paralyzed due to too many institutions and poor sharing of powers and responsibilities.

Why is the capacity of local authorities limited by the centre? From the economic perspective the capacity of local government is restricted in order to achieve macro economic stabilization goals of national economies. From the political perspective, conflicts can arise between different political parties that dominate at local and national levels. Therefore, the local government is unable to operate effectively regardless of which political party is dominant in the centre and which macro economic policies are significant for the central government. At the same time, empowerment of the local government itself makes no guarantee for improving relationships with local concerns. There is a possibility that stronger local governments can inadvertently weaken the role of civil society groups, thereby destroying social capital essential for the preservation of
democratic functions. The role of local government as an essential actor in the governing relationship cannot be underestimated either (McCarney, 1996:17).

2.4.2 (b) Institutional Constraints

Institutional constraints for good governance partly lie in political interference in decision making, policy formulation and administrative activities. There are vested in specific individuals' interests that often impede the policies and programs disruptive to their interests. This weakens the commitments of the institutions to the needs of communities, and instead biases the system toward the interests of the politicians and the local elite. For this reason some argue that decentralization in no way guarantees more representative and accountable, nor more democratic, government at the local level (McCarney, 1996:10). Some unskilled/incompetent staff members who have close relationships with local politicians are promoted to senior positions of local authorities, which in turn, allow institutions to become more inclined to the needs of politicians. Lack of both high quality professionals and experienced officials is an inherent feature in these institutions that undermine capacity-building for good governance. The states of the TWCs have found themselves deficient in skilled, technically competent and specialist manpower necessary for their development purposes, resulting in low administrative capacities (Jain, 1989:364).

As a consequence of the above situation, officials and staff members' attitudes towards community, commitments and obligations have hardly ever been in favor of community-based improvement. The lack of financial capacity of institutions results in low salaries
for government servants, and they are rarely satisfied with these salary scales. However, employment security and various other benefits stimulate them to remain in public sector employment. As a result, the administration system leaves more space for an inappropriate working culture where officials take bribery, corruption, work in favor of particular groups, and try form networks with other officials for the sake of their own benefits. Important traits of the colonial bureaucracy still dominate the administrative systems in Asia and Africa. These include centralization, hierarchy, the persistence of generalist administrator, and the attitudes of the public servants, who tend to see themselves as a distinct class vis-a-vis other elite groups in the society (Jain, 1989:364).

Furthermore, how developing countries reconcile the degree of decentralization in administration with conventional standards and codes to assure safety, health, and efficiency in services vary. The standards and codes that are in use have been handed down from colonial administrators and have little relevance to current situations (Laquian, 1983). The traditional paternalistic administration, with powerful departments on top, and rigid hierarchies, are not well suited to the tasks of managing urban development in Third World countries (Sivaramakrishnan and Green 1986:62).

In the present context of municipal management, urban planners emphasize the importance of integrating communities as equal partners for urban development programs. However, the space available for the poor by the institutional structure and the bureaucratic machinery of the administration system is very little. They still need third party intervention, NGOs in most cases, or politicians, to convince local authorities. As a
result, these channels may be used to exert undue pressure on local officials to take necessary measures for attending to their concerns. Sometimes, that pressure comes from community leaders who are not actually representative of the community. At other times such pressures come from truly authentic community organizations. The challenge for officials is to deal effectively with such pressures, without taking patronizing attitudes or compromising the task of supporting community initiatives. This has been extensively experienced under the support-based Urban Housing Sub Program in Sri Lanka during 1980s that illustrates the complexities of institutional constraints on implementing upgrading projects (UNCHS/ Habitat, 1987).

It must also be mentioned that bureaucrats often still do have the power to take advantage of decentralization policies and not weakly cave in to the politicians' pressure. Policies that bureaucrats do not like can be left to die a natural death, as they turn their attention elsewhere. They can build up distribution coalitions with local elite to help disadvantaged groups (Mukandala, 1990:71)

2.5 The Role of Local Governments in Empowering Slum Communities

What actions can be initiated to improve service delivery by local authorities? How can bureaucratic officials and local politicians be convinced? How can the private sector, NGOs, and Community-Based Organizations (CBOs) be integrated? The answers to these questions may provide the base for thinking about appropriate alternative ways for local governments in the TWCs to be modified with more local indigenous knowledge.
Such indigenous models of governance would necessarily be more collaborative, and interactive reciprocally among local government, CBOs and civil society (Figure 2.2). The success of this approach depends on how collaborative local governments are with CBOs and other actors in the civil society, such as NGOs, academics, religious groups, and the private sector, in mediating or integrating and facilitating community interests.

Figure 2.2

Reciprocal Relationships among Actors for Local Capacity-building

People's participation cannot be merely proclaimed; it has to be promoted. It takes time, resources, understanding and perseverance, but the end result should be a development process which is not exclusively in the control of external professionals but which also involves local people, their representatives, their ideas and their skills and knowledge (Clayton et al., 1997:1). In most projects problems are insurmountable due to the lack of understanding of the critical ingredients of participation; namely participation in
decision-making, implementation, benefit sharing, monitoring and evaluation. Therefore, institutions should integrate people's participation into these areas of activities for promoting urban service delivery programs.

2.5.1 Building New Relationships with Civil Society

New relationships and patterns of engagement are required between newly empowered local governments and thriving groups in civil society, led by local actors. Local authorities must not be confined to formulating plans of action, but must have the power to organize and plan activities to enhance linkages to various organizations. They should also necessarily be able to convince the people in power to put the proposals and policies on the political agenda and to generate the necessary political will for the execution of such proposals.

Local officials as well as NGOs often assume that a poor community lacks organizational capacity, i.e. capability to form a collective base for raising their problems or concerns to the local authorities or to the powerful actors in civil society. The poor are frequently organized by themselves within communities as smaller or larger groups. These relationships are functionally and spatially defined by inter-personal and inter-household patterns of reciprocal assistance based on kinship, family relations, ethnicity or religion.

These elements of a community are the sources and hosts of the institutional means for indigenous CBOs. In fact these capabilities mostly exist informally, but the problem is that officials or NGOs do not make efforts or have skills to identify those important community dynamics and use them in policy and planning implementation. Therefore,
outsiders, whether public sector or organizations in the civil society who are involved in creating new institutions, exclude or miss these existing relations.

Projects should work through existing institutions wherever possible. To create parallel structures for participation is undesirable and results in the creation of ineffective and unrepresentative bodies. The inclusion of local leadership in project activities can assist and ensure community participation. In fact their exclusion will prove to be counterproductive (Clayton et al., 1997:7)

In many instances, formal recognition of informal organizations or processes, which would come with the incorporation of people's suggestions and ideas into institutional approaches in actual poor community upgrading projects, might destroy the most valuable aspects of the organization. This often happens when bureaucratic administrative systems and local politics mingle with those valuable aspects of indigenous communities when attempting to create new forms of organizational structures. Perhaps, this can be mitigated if a powerful third party can intervene in initiating community-based upgrading projects, a party who also understands the degree of formality in a project and how it can be disruptive of community dynamics.

Four case studies in Indonesia (Setiawan, 1998:195) show that the process of settlement formation and consolidation varies, depending on the local dynamics of each settlement. Even within the same contextual, physical and institutional setup, the communities that have the ability to manipulate the formal legal system imposed by the government, and to build up linkages with both state and non-state agencies for access to gain external resources, have the potential for achieving a degree of consolidation that can allow the
settlement to become more integrated into the urban fabric more confidently and securely. Supportive responses and recognition by local institutions as well as by actors in civil society are likely to be greater when these relationships are non-confrontational. Although this seems to be an eccentric idea that assumes the active behavior of poor people, particularly in the form of complaints, it is likely to be viewed that limited alternatives are available for poor people to convince the bureaucratic administrative systems and highly stratified social systems in the Third World. The most important implication of this case study is how community leadership is able to mobilize political, official, and outside organizational will, and that this is the major factor for community-based services upgrading.

Slum communities in third world cities are not free from the threat of eviction. They are often uneducated, socially marginalized or minority ethnic groups. Moreover, these people are further oppressed by not having even basic civil rights that rich and middle class people enjoy, i.e. freedom of expression, freedom of writing, protection by law and order. Therefore, how can community-based program initiators expect active participation of poor people, to speak about their problems and opinions without any fear, to put forward suggestions or complaints about ongoing practices, community leaders and officials? The points that Vanda Desai (1996) raises in her case studies in India are reflected by this:

*People rarely stood up and talk..., when time came to vote they look around at each other..., slum dwellers were repeatedly invited to speak, to discuss the issues under consideration and to offer opinions, yet the response was minimal..., (227)*
Project initiators think people are shy, but it is always not the case, if they have been unable to build the trust between community and authorities, and ensure rights of participation. It shows that the extent to which local government institutions and other project initiators have been alienated from the community. Therefore, it is necessary to build up new forms of relationships among actors that leave space for them to become actual partners rather than guest helpers with stigmatized attitudes towards poor people. This enhances the ability to understand and be sensitive to the indigenous community dynamics and authentic leadership more easily. Authorities should be able to recognize the importance of indigenous knowledge, capabilities and resources that community have and to actively use them. If projects are allowed to be implemented regardless of indigenous knowledge and feedback, participation and accountability will be weakened. Therefore, skills in listening to the people and reshaping, and adjusting programs accordingly are necessary to develop, so that the machinery of participation becomes efficient and more mutually inclusive, as shown in the following figure.

Figure 2.3

The Machinery of Activating Genuine Participation
At the same time, the active leadership of the community will be a great advantage for achieving the goals of slum upgrading projects. Although people live poorly in slum communities, there is often politically knowledgeable and locally influential sub-stratum of slum-dwellers who have some connections with such influential outside actors, and thus are generally better off than the other slum-dwellers. The basis of their success is the community leadership that has the ability to establish outside contacts in political and government organizations (Desai, 1996:241). However, that effort alone will not solve the whole issue, as it requires commitment on the part of local government and the political will from elected representatives, and the supportive role played by NGOs as well. Bargaining and other forms of negotiation will become more important in the process of policy making and implementation.

2.5.2 Possible Mechanisms for Overcoming Community-level Obstacles

The dynamics of community are always not positive in collective efforts. There are certain weaknesses, constraints and aggressive obstructions that undermine people’s participation (Table 2.1). Within communities these aspects permeate local power relations and may take the form of social, cultural and ethnic dimensions. These factors can be confronted among community members as well as in interaction with other actors in civil society and local authorities. Therefore, poor communities are not free from weaknesses and conditions that themselves may hamper efforts to generate their participation in development programs (Korten, 1983:189). The table below summarizes some of those obstacles for community-based projects and possible mechanisms for overcoming them.
Table 2.1

Community Level Obstacles and Possible Mechanisms for Overcoming Them

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of an appropriate Community Organization</td>
<td>Community organizer works to spread awareness of program and to develop needed organization or strengthen existing organization.</td>
</tr>
<tr>
<td>Lack of organizational skills</td>
<td>Informal training by organizers helping leaders plan meetings, bring issues to membership., etc. Formal training in some specific skills such as record keeping.</td>
</tr>
<tr>
<td>Poor communication Facilities</td>
<td>Local organization builds communication networks within its membership and breaks down some tasks and discussions to smaller groups that can meet more easily.</td>
</tr>
<tr>
<td>Factionalism and differing economic interests</td>
<td>Program or project structured to minimize need for cooperation among strongly conflicting groups; incentives designed to strengthen local organization; community organizers support processes unifying people who must cooperate.</td>
</tr>
<tr>
<td>Corruption</td>
<td>Producers developed for system checks; broad understanding developed among members regarding nature of programs and members’ roles; member access to all decision-making and organizational records encouraged.</td>
</tr>
</tbody>
</table>

Sources: Korten, D. C. & Alfonso, F. B. (Eds) (1983) Bureaucracy and the poor (190)

Finally, in the context of TWCs, local government should no longer be a neglected tier. It should be capacitated for promoting community-based development projects at local levels in collaboration with powerful actors in civil society. The collective approach, driven by a sincere and determined commitment by all parties involved, should necessarily lead to a negotiated consensus, where problems and suggestions can be openly discussed without fear, or threat. Policies will thus be politically acceptable, economically viable, administratively feasible and technically sound. As such, more participatory urban governance offers the chance for creating a new urban social order based on humane and progressive values for the foundation of sustainable human settlements for today and the future.
CHAPTER III

Background of the Kandy Municipal Area

3.1 The City of Kandy

Kandy is the second largest city in Sri Lanka as well as the largest inland city. It is also the capital and the focal point of the Central Province (CP), acting as the economic, social and administrative centre to the province. Furthermore, it is also an educational and research centre with many high-quality national institutions and a first-class university at Peradeniya, as well as a specialized medical centre. Kandy is widely known as the “guest home” capital of Sri Lanka, and is locally and internationally famous for its historical, cultural and aesthetic attractiveness. It has a national botanical garden at Peradeniya, which is hardly missed by any tourist who visits Kandy. According to its cultural heritage criteria, United Nations Educational Scientific and Cultural Organization (UNESCO) designated Kandy as a “cultural heritage city” for conservation (Kandy web page, 1999). However, recent trends in the pattern of urban expansion have been detrimental in conserving such characteristics of the city. The failure to address the consequences of such urban expansion will deteriorate the quality of urban living in terms of economic, social and environmental sustainability.

Despite the fact that the city of Kandy has not yet reached a level of expansion in size comparable to what we usually mean by a large city in the context of the third world, the past experience of urbanization shows that it is one of the most rapidly growing cities in
Sri Lanka. The impending urban growth in Sri Lanka will therefore be of even greater importance. According to the United Nations’ estimations, by the year 2020 approximately 9.1 million out of a total population of 23.6 million in Sri Lanka will be urban dwellers (Mathur, 1996:118). According to the estimations of the Statistical Office of Kandy in Provincial Planning Unit 1997 and Urban Development Authority (UDA) in 1998, the city has grown approximately at the rate of 2.65% per year during the period of 1981-94. This is mainly due to the increase in the migration of population with concomitant expansion of various public and urban services in the municipal area.

Because of its inherent geographical location and inadequately designed urban expansion pattern, the city now faces the problem of overcrowding population, in relation to shortage as well as disproportionate distribution of basic services and lack of its economic, and social well-being.

The pattern of growth in Kandy is particularly alarming in its concentration of poor families and proliferation of slum communities. Mostly these families are being marginalised or forced to reside in peripheral areas of the municipality. Their unattended basic services problem, absence of land security, rules and regulations for upgrading are the main sources of pressures for the local authorities and other institutions. Inadequate provision of basic services such as housing, water supply, solid waste management and sanitation facilities are among most demanding issues for which local authorities have not

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3 The percentage of rural urban composition in Sri Lanka was around 21% during 1970s and has increased up to 21.5% in 1981 making marginal increase by 2.5%. (Central Bank of Sri Lanka, 1997). However, the present unofficial figures show that it has increased up to 35% (Economic Review, August 1998). No census was held in 1991 in Sri Lanka, but the urban population is estimated to have risen from 2.74 million in 1971 to about 3.68 million in 1991 (Mathur, 1996:118).

4 According to the Central Bank of Sri Lanka in 1997, the country’s average annual population growth rate for this period is 1.5% over the last two decades.
satisfactorily responded, although the provision of those services to urban dwellers is a primary task for them.

A number of factors underlie these issues. These factors generally coexist with social, economic and political perspectives of individuals, various institutions and social groups. Before discussing the insights of these perspectives, it is important to understand the overall spectrum of geographical, historical, socio-economic and political contexts of the city. It may help to expose implicit and explicit causes and effects of the present situation and to formulate better approaches for dealing with these issues.

3.2 Physical Setup

The city of Kandy is geographically located closer to the centre of the CP, which is about 1,500 feet above sea level and 72 miles to the east of Colombo (Figure 3.1). The landscape area of the CP is approximately 5,575 sq. km. The city centre is located on a plateau around which there is a range of mountains from the east and the south-east. The peripheral areas of the municipal boundary from the north and the north-west are basically sloping land. The hilly area consists of rare vegetation and tropical plantations with forests. The climate of a geographical location like Kandy naturally is mild throughout the year. This favors the flora, fauna and vegetation to enhance the scenic beauty of the vicinity of the city.

The Kandy Municipal Council (KMC) area is approximately 6,500 acres (25 km²) in extent and consists of 23 municipal wards as shown in figure 3.2. The municipal limits
Figure 3.1*

MAP OF SRI LANKA AND THE LOCATION OF CENTRAL PROVINCE

* The map is extracted from Economic Review, August, 1995, A Publication of the People's Bank, Research Department, Sri Lanka. (Not to scale)
are mainly demarcated by natural boundaries. Other than a small region in the north where it extends beyond the river, the Municipal area in the west, north and north-east, nearly 55 percent of the perimeter of the city, is surrounded by the Mahaweli Ganga, the longest river in Sri Lanka (Figure 3.2). The southern boundary, which falls on the lower limits of the hills, representing approximately 30 percent of the perimeter, has no such definite natural demarcation. The core of the Municipality where the city is located falls within the following wards; Wevelpitiya (Ward 19), Kotugodella (Ward 18), Deiyannewela (Ward 16) and Mahaiyawa (Ward 20) (Figure 3.2).

Surrounded by these boundaries (the Mahaweli river runs from the west and the north, and the ranges of mountain from the south and south-east) the Kandy Municipal area is located on an area of fairly level high ground, which signifies its land locked nature and limited possibilities for horizontal expansion. However, responding to this inherent limitation of the physical structure the city has followed a ribbon-type expansion of residential and business buildings along the main roads from the center of the city to small town centers around the municipal boundary and beyond.

3.3 Historical Background

Kandy was the capital of the Kandyan kingdom from 1592 to 1815. The city possesses a long and interesting, as well as violent history before the British occupation in 1815 (Nawfhal, 1988:228). The city has also been very famous throughout the Buddhist world on account of the Relic of the Buddha enshrined in the Temple of the Tooth, which is a famous pilgrimage site. This sacred Buddhist site known, as the city of Senkadagalapura,
Kandy Municipal Wards (1995)

1. Peradeniya
2. Mulgampola
3. Katukelle
4. Bahirawakanda
5. Dodamwala
6. Asgiriya
7. Mapanawatura
8. Katugastota
9. Mawilmada
10. Kahalla
11. Watapuluwa
12. Lewella
13. Buwelikada
14. Ampitiya
15. Malwatte
16. Deiyannewela
17. Yatinuwara
18. Kotugodalle
19. Wevelpitiya
20. Mahayaya
21. Suduhumpola
22. Siyambalapitiya
23. Bowela

A reproduced map from (Nelson, 1998:11)
was the last capital of the Sinhala Kings whose patronage enabled Sinhala culture to flourish for more than 2,500 years until the occupation of Sri Lanka by the British in 1815 (Kandy web page). While there are references to the existence of a city and a kingdom of Candia by the early 16th century, written history of Kandy commences only in the last few years of the 16th century. On their visit to Kandy in 1602, the Dutch chronicler of Spilbergen’s mentions the city, which was later sacked and burnt in 1610 by the Portuguese invaders under Jeronymo de Azevedo. Later descriptions of Kandy in the 17th centuries were not flattering. Kandy has been described as a poor and miserable place with an inconsiderable population. At the limited Census of 1821 Kandy had a population estimated at less than 3000 persons (Davy 1821:371, Nelson, 1998:1).

In 1803 the British managed to seize control of Kandy. After that, they colonized Ceylon (historical name for Sri Lanka) in 1815 and later united the country. They moved the capital from Kandy to Colombo when the plantation sector flourished in the mid 19th century. After that, Kandy became simply an ancient city preserving its cultural heritage. At the first complete Census of Sri Lanka of 1871, the population of the Kandy Municipality was only 19,754 (Census 1921: 59). Until the island became an independent state in 1948, the development of the city was controlled by the British colonizers. As a consequence, the basic function of the city was as an important gathering center for commercial plantation products such as coffee, tea, spices and vegetables. The economic expansion through the growth of the plantation sector and the increasing demand for services led to the increase of migrant population seeking employment. The main sources

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5 Colombo was conferred municipal status in 1865 by the Ordinance No. 17 (Nelson, 1998:1)
of population increase were the arrival of immigrant hired laborers by British, ethnically Tamil, from South India, and some Sinhalese who also migrated from the traditional subsistence agricultural sector in the lower land to seek plantation sector employment\textsuperscript{6}.

In addition to them, planters from British origin, the Arabs and Chettiyas from South India who lent money as merchant capital for trading activity arrived in Kandy in the early periods of colonization. They have since dominated the trade between Sri Lanka and other countries. The early arrival of Muslims into Kandy therefore had occurred even before the colonizers, even though they settled in the city in small numbers. Tamils came to the city during the period of the last four kings (1739-1815) (Nawfhal, 1988:229). All these historical factors and the plantation-based economic expansion and immigration of people from various regions contributed and transformed Kandy into a multi-ethnic and multi-cultural city in the later periods.

When Colombo was conferred municipal status in 1865, Kandy, because of its central location, administrative importance, and its relatively large population, was conferred municipal status by the same Ordinance (Ordinance No. 17: 1865). Along with this change in status Kandy has now assumed the position of a fairly well developed city with extensive trade and commercial activities.

\textsuperscript{6} According to an historian Vanden Drison who has written a book on "the History of Ceylon", says the arrival of Tamils resulted possibly from both the low wages and the reluctance of domestic Sinhalese to work in coffee states under the British. However, the discouragement of the domestic agricultural sector by importing cheap rice forced the higher status Sinhalese to work on plantation estates as well. This trend of decline in productivity in rural agriculture was one of the causes of Sinhalese migration.
3.4 Political and Administrative Structure

Since her independence in 1948, Sri Lanka has had a democratic political system. Basically, the central government had the decision-making authority on fiscal and monetary policies. Like many other Third World countries, national macro and comprehensive planning gained significance and came to be generally adopted in Sri Lanka during the post-war period. However, with the transition from a mixed economy to a market-oriented regime during the 1970s, central macro-economic planning seems to have lost its relevance and usefulness.

Sri Lanka abandoned the idea of central planning as far back as in 1977 when economic liberalization policies were adopted on the basis of the structural adjustment program that was to usher in an economy driven by market policies (Hewavitharana, 1995: 09)\(^7\). While national macro-planning has receded to the background, planning for the development at sub-national levels has emerged to the forefront in Sri Lanka with the devolution of political power at the provincial level and the decentralization of administration at the divisional level (Ibid). Consequently, due to the ethnic crisis, which started in 1983, between the Sri Lankan government and the Tamil extremists, a proposal was brought to parliament for further devolution of power to provincial levels as a political solution to the crisis. The Provincial Council (PC) system was established in Sri Lanka in 1988 through the 13\(^{th}\) amendment to the Constitution of 1972, to give legislative and executive administrative authority to local levels. Under this amendment, there are nine PCs set up

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\(^7\) Prof. B. Hewavitharana was the chairman of the Madhyamalanka Development Plan committee at the Central Province Planning Unit in 1995.
for decentralizing the public administrative functions to provincial levels. The boundaries of the provinces are shown in figure 3.1.

Members of the PCs are elected bodies for a term of five years based on the list system of proportional representation. The total membership of each PC is determined on the basis of its land area and population. One member is to be elected for every 1,000 sq. km. and per 40,000 persons. Accordingly, for instance, Central Provincial Council has elected 58 PC members out of which 28 are for the district of Kandy (Zoysa, 1998:2).

3.4.1 The Functions of the PC System

The functions of the PCs include provincial planning, education and educational services, finance (to the extent permitted by the parliament and provincial debt levels), local government, agrarian services, health and rural development etc. They can also implement small-scale development projects and provide certain public services such as roads, sewerage, drainage, and water-supply at local levels. It appears that the PCs have been vested with powers and functions to deal with regional development policy planning covering both economic planning and physical planning. However, the central government is still constitutionally capable of taking those PCs executive powers back whenever the centre decides that this is necessary.

The Governor of a PC is appointed by the President for a period of five years. Therefore, he or she is empowered to use his/her discretionary powers with the consent and the approval of the president. As the direct representative of the president and the responsible person for the exercise of powers and functions, the Governor is the link between the
Central Government and the PC. The Chief Minister, who is the political head of the PC, is appointed by the Governor, although it is reasonable for a PC member to become the Chief Minister who can get the majority support of the council. The Chief Minister, with the board of ministers of a PC appointed by the Governor, is responsible and answerable for the policy decisions of the PC.

The Central Government financial allocations to each PC are made by the Parliament on the recommendation of the Finance Commission. The population, per capita income and provincial development features are the main considerations for making these allocations.

3.4.2 The Relationship between the Central Government, Provincial Councils and the Local Government Authorities

The local government authorities can be considered as the lowest tier of the public institutional structure. These include Municipal Councils for major towns, Urban Councils for developed and semi-developed urban areas and Divisional Secretaries for rural community level units. This system was being recognized by the constitution even before the PC system was introduced in 1988. Members of all local government authorities are elected for a period of four years on the basis of the list system of proportional representation. The Chief Executive of the Municipal Council is the Mayor. The head of the bureaucratic structure is the Urban Commissioner.

On establishment of the PC system, the supervision and permission to give additional powers to the local authorities were assigned to the PCs. Thus, it can be assumed that
most of the functions relating to local government authorities that had been earlier
exercised by the central government were given to the PCs. However, there are
mechanisms through which the central government can continue to influence the PCs and
lower tiers of the public administration.

Figure 3.3

Institutional Structure of the Municipal Management in Kandy

Civil Society
- NGOs; local & Int'l
- Private sector
- Politicians
- Religious organizations
- Academics
- CBOs
- Local elite

Central Government

Central Provincial Council

KMC

Mayor

Deputy Mayor

Urban Commissioner

Deputy Municipal Commissioner

Municipal Chief Accountant

Municipal Chief Health Officer

Municipal Chief Engineer

Implementing Agencies
- Electricity Board
- Water Board

Ministry of Housing & Urban Development
- UDA
- NHDA

MUNICIPAL MANAGEMENT
Local officials are bound to follow the advice, directions and guidelines as defined by the central government. As illustrated in figure 3.3, although planning is a devolved function of the provincial level of government, municipal councils and other local authorities are directly and indirectly influenced by the policies and regulations of the central government. Therefore, the KMC cannot act independently in planning and regulatory decision-making or implementation.

In addition to that, the other two central government parastatal agencies that are involved in municipal management are the National Housing Development Authority (NHDA) and Urban Development Authority (UDA). The NHDA functions under the Ministry of Housing and Urban Development (MHUD). Furthermore, the Urban Development Authority (UDA), is an appointed statutory board, which also functions under the same ministry, and plays an important role in promoting and integrating planning of economic, social and physical development and land use planning and environment improvement at the local level.

3.4.2. (a) Functional Capacity of the KMC

While the development and maintenance of the municipal services is a responsibility of the PC, the Mayor, who is also elected by the people of the municipality, continues to have decision-making authority over the municipal administration, and the elected council deliberates on policies and approves the budget. The KMC is responsible for the provision of basic services, which include maintaining municipal roads, the drainage system, solid waste management and water supply. In addition to that, KMC can
implement housing and land development projects with technical and on-site project management assistance from NHDA.

The attributes of these functions fall under four broad categories i.e. public health, public safety, public work and public order. The KMC performs regulatory functions relating to these categories, for example, it checks the sale of meat of diseased animals, and the production and sale of other food, and controls the use of public places and premises to avoid dangerous trades. Conceptually these functions are performed by the KMC for enhancing the urban dwellers’ health and environmental quality. The division of functions between the municipality and higher levels of government is overlapping and rarely ordered.

3.4.2. (b) Financial Constraints of the KMC

Although public administration functions were decentralized to local levels, local government authorities do not have adequate authority to function independently from the central government. Other than the limitations of functional capacity, financial constraints have been a major setback for municipal development. Some of those aspects can be highlighted as follows,

- The revenue base is weak- property tax and water revenues were the only main sources of income;
- The property tax was set to double in 1997 after the implementation of revised property values. However, it has not been implemented. Therefore, the values of the year 1991 are still in effect;
- Salaries of municipal staff and workers represented just over 40% of total expenditure; and
The forward capital investment program foresees a financing plan based upon an approximate 50/50 mix of grants and own resources.

Therefore, there is a felt need for gaining autonomy by local government institutions and improving their financial generating capacities by means of own potential sources. As mentioned above, the property tax system, which is the prime source of revenue for the Municipality, should be updated every 5 years based on the land value assessment made by the KMC. Under the present system of property tax there are three tax rates in effect for the three levels of zoning expansion of municipal limits from the core of the city. (Figure 3.4).

Figure 3.4

The Present System of Property Tax in Kandy Municipality

The property tax rate within the first zone (the core of the city) is the highest, because of the highest land values in this area and better municipal services in water supply,

*The percentages were given by the Chief Accountant of the KMC.*
drainage, lighting and garbage collections\(^9\). However, the adjustments to the rates based on the inflationary changes and expansion of the zoning areas have not been made and updated properly in order to improve commensurate financial resource requirements of the KMC. The other sources of revenue include fees for services, licensing charges and borrowings and grants under permit from the higher-level government tiers such as the PC or the central government.

Due to the complicated administrative system of present local governments in Kandy, functions and activities seem to be overlapping and responsibilities are conflicting at different local government interventions. The local government institution in Kandy (KMC) lack adequate authoritative decision-making powers over project planning and implementation and municipal management. The three different local institutions in Kandy i.e. KMC, NHDA and UDA are neither complementary nor competitive with each other.

### 3.5 Social and Economic Background

According to the Statistics Office of Kandy in 1997, the population of the municipal area is approximately 125,650 with an annual growth rate of 2.65, and this rate is expected to decline to 1.35 within the next decade or so\(^10\). The latest census, taken in 1981, showed the population within the municipal limits to be 104,281 (Census 1981:7). However, according to the latest estimations, there has been a significant increase in the population

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\(^9\) Within the core area of the city garbage is collected twice a day, morning and evening, whereas all the other areas are served only once a day.

\(^10\) However, there is no any particular reason is given for this decline in the rate of annual growth.
of the municipality area to 137,545 (Central Province Planning Unit, 1995). The total number of families within the Kandy Municipality is approximately 62,367, whereas the population density is 1,200-3,000 persons per sq. km. The maximum density of 2,880 population per sq. km is reported from Gangawata Korale (a municipal ward), which covers a larger part of the high-density city area (Figure 3.5). These statistics show that the city of Kandy is a fast growing and rapidly densifying city.

The functional characteristics of the city are reflected by the historical changes in the economic, social and political perspectives of the city. Kandy is still an important centre of many administrative functions, services such as banking and insurance, tourism and hotels, health, education, private sector businesses such as retail enterprises, vehicle sales and repairing centers. Although the city does not have a good industrial base the services that Kandy performs today are recognized throughout the province, and some of them, for instance, education, health and tourism, are of national importance as well.

3.5.1. Residential Pattern of the City

The main source of population increase in the recent past as well as at present is rural-urban migration. Easy access to transport, communications, education, health and other public services have been the major supportive factors for the continuation of migration. However, most of the people who migrate are far too poor to take advantage of such facilities, their priority in this case is mainly economic. The rate of urbanization in the Kandy district therefore is relatively higher than that of the country overall. The city is already overcrowded and seems to have reached the physical limits of its expansion.
Map Produce on Atlas GIS:
Planning & Monitoring Division,
Provincial Council-Central Province,
Kandy July 1995
The pattern of residential distribution has also been shaped by the expansion of commerce, which appears to have been the largest single influence in the development of the city center. In addition to that, particularly in Kandy, there has been a long-term trend for greater selectivity in which the pattern of residential distribution has been shaped by people with similar backgrounds of social and economic status and ethnicity. Kandy’s residential areas are mostly concentrated in the MC’s northern quadrant due to more moderate terrain. The southern quadrant is on steeper slopes and contains forest reserves but it is not free from residential places. Some residential houses, predominantly occupied by upper-class wealthy families, hotels and guest-houses have been scattered around the vicinity of Kandy Lake (Figure 3.6). Lower-income households are scattered around the city centre and the municipal area or beyond the train line and main roads (Figure 3.7). The lower density affluent and middle-income households are distributed towards the southeast and west of the city centre.

From the very earliest times, even before the British colonized Sri Lanka, urban Kandy has had a multi-ethnic population. The Sinhalese have always represented a majority of the population, whereas the Tamils and Muslims have been the minority. The recent data show that ethnic composition of population in the city in 1981 is as follows: Sinhalese, 69,858 persons or 69.0 %, Tamils, 14,253 persons or 14.1 % and Muslims, 12,107 persons or 12.0 %. The remainder comprised Malays, Burghers (descendants from the Dutch) and others (Census, 1981).
Figure 3.6

Kandy Residential Distribution
The South Indian traders and Muslim communities, who performed important trading and commercial functions during the expansion of the plantation sector, have strategically settled in the central area of the city. This would appear to have important historical considerations as well. Sociologically, there is a tendency for minority communities to concentrate in specialized locations, possibly due to social cohesion and heavily influenced by cultural, linguistic and religious affinities. The residential pattern of the city and its relation to social, cultural and ethnic factors has been studied by many scholars in the past. According to an article written by a researcher and academician,

"Kandy has a higher proportion of ethnic composition and has the most significant representation and a proportionate distribution of each ethnic group next to the capital city of Colombo. Thus, in the city of Kandy, the residential function holds a significant place in the urban functional structure; this city is thus the ideal laboratory area to explore the spatial basis of residential pattern (Nawfhal, 1988:228)

Further to his research Nawfhal has come up with the following findings regarding residential patterns in the city of Kandy,

- The Sinhalese, the most dominant group, do not show any concentration in residential areas but rather an even distribution in all 23 wards of the city, while the minority groups like Tamils and Muslims have greater concentration closer to the built-up area and in areas of proximity to the center of the city;
- The residential pattern varies according to the socio-economic status levels of the residents.
- Disparity can be clearly observed between Sinhalese and Tamils, followed by Sinhalese and Muslims, and the least between Tamils and Muslims;
- Tamils and Muslims live closer to the city center proving that minority groups tend to concentrate closer to the city center;

Based on the above findings it is therefore correct to assume that the residential pattern of the city has been mostly influenced by the ethnicity of the people. In addition to that,
there is a tendency for different social-economic groups to select specific areas where
groups of similar background live. They do not like to mingle, and the areas are specific.

3.5.2 Economic and Business Activities
Kandy has a relatively small industrial base for absorbing labor and earning higher
incomes, however, such setbacks are compensated by the performance in the service
sector. Many trading functions introduced in recent years, such as those related to trade
and tourism, have been lucrative relative to other areas. In the meantime, peripheral
locations are becoming more attractive for commercial and service activities. There is a
clearly discernible movement away from the centre of the city to the periphery where
land is available and inexpensive for new ventures. These new commercial and service
activities include auto vehicle sales, auto spare parts shops, auto repairing centres and
grocery stores.

People who live within the KMC are mostly employed in service oriented work. The
informal sector is considerably larger in Kandy where most of the inner-city poor people
are involved in various activities such as street-vendors, cobblers, caterers, head-load
carriers, hawkers, tourism-related jobs and small-scale home-based production activities.
The poor who live within easy access to the city find that the city is the best place for
marketing their products and bargaining their labour for jobs with their skills.

Furthermore, Kandy is famous for traditional and cultural art works, which are
marketable at reasonable prices for both local and foreign tourists. For example, batik
printing, handicrafts, brass work, jewellery work and carpentry works are some of those products which are produced by traditionally skilled workers. These working centers are usually located in suburban and peripheral areas as small-scale home-based industries, but still close to the city. However, the main beneficiaries of these productions are not the producers but the businessmen who set the prices high for holding the products at their selling outlets until sold. So far, there has been no systematic policy or measures taken by the local authorities to facilitate these producers to ensure their benefits by marketing them at the best possible prices. There is no any mechanism to assist these producers to become unionized or establish cooperatives.

As a major source of income and employment creation, the tourism industry is very popular in Kandy. A number of high standard hotels are located in Kandy for local and foreign tourists, most of which are owned by local businessmen or members of upper class households. This has led to creating a dualism in the industry. There is a licensed tourism sector and an unlicensed informal tourism sector. The informal tourism sector is the locus of the "underemployed residue" in the service sector. For instance, hotels employ room boys, waiters and receptionists, while outside, on the pavements, there are hawkers, black market profiteers, pimps, guides, prostitutes and burglars. As in other countries, this informal sector operates without government sanction or registration. As a result, it cannot be answered exactly how many people are employed in this sector. Generally, their income is also limited and irregular.
3.6 Urban Growth Profiles: Pattern of Urban Development in the City

The population increase in the central and peripheral areas of the KMC has intensified new activities. For example, there has been a proliferation of new buildings and roads, development in communication systems, business centers and government offices. The stimulation to this development has been augmented by the demand for urban services such as health, education, administrative centers, markets, and transport within the municipal area. However, the rate of expansion and development of these facilities is not commensurate with the demand for basic facilities so that development in the provision of such facilities remains slow. The latest research data show that, within the municipal area, nearly 30% of households do not have electricity, 35% do not have pipe-borne water while 43% of the people use common stand-post pipes for washing and bathing, whereas 18% of the families do not have sanitation facilities (Central Province Planning Unit, 1997).

Furthermore, the achievement of that mandate should also not be confined to the KMC only. There are small town centers with basic facilities such as post offices, dispensaries and schools. But, people are still dependent upon city centers that are closer to them for their major requirements and everyday needs. According to the estimations of the UDA in 1988, there are about 90,000 people who commute from outside the city everyday for various purposes such as schooling, shopping, working, and obtaining government administrative services and other social welfare services. The medical services (both private sector and public sector) in Kandy have been improved considerably in the past
few years. Therefore, many people from the outskirts commute to the city for health services. Moreover, the improvement in public transport facilities by the private sector and public quoted companies during the last few years, the number of people who commute daily to the city for working has increased remarkably. This higher rate of commuting is partly due to the fact that city cannot accommodate its work force within its municipal area, and thus living in the city is more expensive than in the sub-urban or rural areas. Also relative improvements in recreational and entertainment facilities, cultural sites and scenic beauty of the city further stimulate the daily commuting of people to the city.

Although the number of users of the city services has increased quickly, there has been no proportionate expansion of the public services within the city and the municipality area. The physical structure of the landscape, undesigned urban expansion and various other administrative and management inefficiencies have been the major reasons for this. Zoning regulations have not been properly applied in the past and *ad hoc* linear development of building structures and residential houses along the roads are being built, creating constraints for infrastructure development. Therefore, streets are beset with difficulties such as traffic congestion, air pollution, and the absence of drains, pavements or sidewalks, and cannot easily be widened. The laying out of water and electricity facilities becomes costly in such a city expansion. This pattern of urbanization has created inefficiency in facilitating well- functioned infrastructure services to the city.

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11 This occurred under a reform to the transport services introduced by the previous government. Under this reform a share of nationalized bus companies was sold to the private sector and to the workers of the companies.
Considering the felt need of attending to these municipal management problems, the mission statement of the UDA of Kandy has emphasized the importance of enhancing the socio-economic development and well being of the people. It says

"Provide for Kandy's efficient and effective future development to maintain its position as the nation's second city in terms of finance and commerce, tourism, education, health and government administration facilities and infrastructure, while conserving its historic, religious, cultural and environmental heritage."

The achievement of this mission however, will depend on the supportive or collective measures taken by other local authorities such as KMC, NHDA, and the Provincial Council as well.

3.6.1. Land Use Pattern in Kandy

Before we discuss the issue of housing and basic services, it is important to understand the pattern of land use in Kandy. In terms of land use, a considerable amount of land area within the municipality is still being under-utilized. For instance, some valuable pieces of land in the city centre have been utilized for non-income generating and unproductive means, so that the optimum land value is not accounted for (Figure 3.8). Approximately 15 acres of land (Bogambara) in the core of the city is used for prisons, and out of total land in the city, about 35% are owned and used by the government as administrative blocks, secretariat, police and police barracks, army camp and head quarters, school premises, bus depots, municipal work shops and so on (Nawfhal, 1996:54) (Table 3.1). Therefore, it can be easily assumed that there is an inefficient use of existing limited and valuable flat land in the inner-city area.
Table 3.1

Kandy Land Use Patterns, 1995

<table>
<thead>
<tr>
<th>Category</th>
<th>Extent (ha)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1159.3</td>
<td>46.6</td>
</tr>
<tr>
<td>Commercial</td>
<td>58.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Industrial</td>
<td>9.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Public</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Buildings</td>
<td>34.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Religious</td>
<td>41.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Educational</td>
<td>60.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Health</td>
<td>24.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Roads</td>
<td>172.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Parks and Playgrounds</td>
<td>96.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Vacant Lands</td>
<td>222.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Paddy</td>
<td>66.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Forests</td>
<td>364.2</td>
<td>14.7</td>
</tr>
<tr>
<td>Water Bodies</td>
<td>174.5</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2485.5</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Urban Development and Low-income Housing Project, UDA, 1998

Peripheral boundaries of the municipality are generally used for residential and agricultural purposes such as paddy and garden crops. Some plots of low-land still can be developed but are left undeveloped along the watercourses that flow to the river. Meanwhile, some of both rich and poor settlements are now spreading out to higher elevated sloping land despite the regulations on environmental considerations imposed by the local government authorities. This causes soil silting, land-slides, damage to the forests, flora, fauna, natural species and scenic beauty of the city. This has raised many local concerns in improving the land use management system, providing basic urban services satisfactorily and maintaining environmental sustainability within the high-density residential areas. According to geological research conducted by the University of
Peradeniya in 1982 the lower land ground and surface water is contaminated by the inadequate as well as inappropriate pit toilet and temporary toilet systems installed in high elevation land (Weerasooriya, 1982:245). Therefore, given the absence of any effective measures to solve this problem even after almost twenty years, it can be assumed that the contamination rate has been increased markedly.

Furthermore, the linear development of the buildings and houses from the city center has led to certain planning problems such as under-utilization of prime tracts of land and unrealistically high land values along the trunk roads. Land immediately beyond this area is merely environmentally polluted by the effects of road frontage urban activity, for instance, throwing out garbage, and solid and liquid waste discharges. Although the provision of basic services to this type of expansion are costly to the local authorities the accessibility and availability of basic services are necessary for the residents of these areas.

Most vacant lands within the MC are on very steep slopes. The future developability of these lands is therefore limited, as most such vacant lands cannot be considered as potential areas of the MC for future development. Table 3. indicates that the concentration of public sector activities in the town centre has resulted in less than the highest and best use for many prime sites (UDA, 1998:3).
3.6.2. Housing Development

The city centre itself provides residences for a considerable proportion of the population. However, the majority of the population resides outside the city limits within two or three miles of its centre. Trends towards the concentration of high-income class residences in some selected locations have accelerated in recent times. The more affluent types of residences, which were once restricted largely to the area in the vicinity of Kandy Lake, have now sprung up in the outskirts of Kandy city in Aniwatta, Dodanwela, Asgiriya, Mawilmada, Watapuluwa and others. For these rich suburban areas, the provision of basic services to these areas such as water, drainage systems and solid waste management, electricity, communication and roads, are satisfactorily maintained by the KMC.

On the other hand, areas occupied by the poor are badly serviced. These squatter settlements in Kandy are located in both inner city and border areas of the city. As illustrated in Figures 3.7, UDA of Kandy (1998) has identified 52 such low-income community settlements within the municipal boundaries. Mahaiyawa and Deiyannewela, which are shown by numbers 36 and 45 respectively, are the biggest inner city slums. According to the statistical data of KMC, there are 4,988 families living in these settlements, out of which only 1,235 families have housing facilities and 1,204 families do not have any (even temporary) housing. In the former case it is mostly the absence of land tenure, which prevents residents from building permanent housing. Mostly these homeless people belong to extended families who share the existing housing

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12 According to my observation in Kandy Municipality there are more such poor communities now in their initial stages.
with others. The consequences of the lack of minimum required housing space and other basic services such as water and sanitation would obviously be various health issues and environmental problems. Despite this, Kandy has been ranked number one with regard to the availability of high quality social infrastructure such as education, health and cultural richness, which are considered to be important factors for the concentration of population.

Due to the lack of recent data it is difficult to remark the total number of houses in the city and how many of them are owner-occupied, rented or leased, and rent-free. So far, no research has been done on rental housing and its impact on the housing market and land use pattern although renting has been a major source of income for some of the middle class people in the city. Also, neither private sector developers nor the government sector are clearly involved in exploiting the potentials of the housing demand in the housing market. Still, the biggest source of housing supply is the popular sector housing in which people first clear deeds for land and then start building up their own houses by themselves incrementally. During the previous government, the necessity of adequate housing was prioritized by the agenda. “Shelters for the nation” had been the slogan and two island-wide housing projects were implemented (i.e. the Hundred Thousand Houses Program [1978-83] and the Million Houses Development Program (MHDP) [1984-94]). But neither of them has adequately benefited the urban poor in Kandy, increasing and improving the housing facilities.
Most of the housing projects implemented in the past could not systematically address the problem. Even good projects with better approaches such as Hundred Thousand houses and MHDP failed due to the political interventions and narrowly focused political gains, corruption and other malpractices. For example, the targets of the MHDP were unrealistic within a period of one regime, but the government set them for the sake of gaining or consolidating political power (Pinnawala, 1998).

At present, the government is not directly involved in housing development for individual families, but it has made available certain financial facilities for housing. For instance, the NHDA and the State Mortgage Bank issue long term loans for housing development mortgages. However, poor people do not have access to these facilities, as they have no guarantors or owned mortgages to be qualified for applying. The attempt to get the private sector involved is continuing but has limited success. The main reason is that the private sector targets only the high-income groups where the profit margins are higher.

3.6.3 The Provision of Basic Services within the Municipality

One of the most essential services needed for urban dwellers in Kandy is the water supply. Because of the city’s physical location, well water is not a feasible alternative, thus pipe-borne water supply should be improved. Although the supply is currently adequate to serve the existing KMC population, pumping capacity is not adequate to serve the residents of higher elevations, particularly those above the reservoir elevation. However, installation of high-powered pumping machines to supply water for affluent residential areas seems to be more of a political decision. The water pumping lines that
go through the poor urban communities are the ones faced with inadequate capacity problems\textsuperscript{13}.

At present, chlorinated pipe-borne water supply is available for about 52 percent of the residents in the city while nearly 42 percent of the population use common stand-pipes for washing and bathing. The rest use wells that are usually shared with neighboring families (Nawfhal, 1996:61). According to the officials at KMC, the inability of the KMC to deal with the water requirements of the urban dwellers is mainly due to technical deficiencies. The main causes are as follows,

- Treatment capacity is insufficient
- Storage capacity is sufficient for only 3 \frac{1}{2} hours
- The distribution system has hampered due to inadequate and interrupted water supplies

The other acute infrastructure problem is the undeveloped sanitation system. The KMC still lacks a water-borne sewerage system. At present, most of the sewerage canals are open, untreated and somehow connected to the Mahaweli River, causing water pollution and environmental problems.

Finally, the solid waste management system in Kandy is also not functioning according to a developing city’s requirements. For almost the entire city, cleaning and collecting of refuse is done by the Kandy Municipality. There are many inefficiencies in this process, due to lack of equipment, transport facilities and unsatisfied laborers who resist working efficiently. As a result, unattended wastes are disposed off in the sewerage canals, which

\textsuperscript{13} This situation is clearly observed in Mahaiyawa. The next chapter will discuss this issue in detail.
end up in the Mahaweli River. No technologically improved method of solid waste management has been used to deal with this problem in Kandy. The open site at Gohagoda (A dump site in the Northern boundary of the KMC, close by Mahaweli River) is 20 years old and can be utilized for only another five-year period (UDA, 1998:5). This area is also not free from residential places, and neighboring residents have objected to the pollution caused by this dumping of solid waste.

Recently, the UDA of Kandy has proposed certain measures to overcome these basic services issues. Box 3.1 shows these measures in brief as follows,

**Box 3.1**

<table>
<thead>
<tr>
<th>Measures that have been taken to overcome the infrastructure problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Some roads could be widened by improving and covering the drains system.</td>
</tr>
<tr>
<td>◆ A water supply master plan has been prepared by the National Water Supply Development Board (NWSDB) with FINNIDA assistance. Also KMC and NWSDB have requested assistance from the Japanese government in developing new intakes and treatment.</td>
</tr>
<tr>
<td>◆ The KMC has also prepared a report with the aim of improving its solid waste management system for more collection with better equipment. A feasibility Study has been carried out in accordance with suitable technical options, cost recovering and environmental concerns.</td>
</tr>
</tbody>
</table>


### 3.6.4 The Provision of Basic Services to the Low-income Settlements

Despite the fact that residing on government land is not legitimately allowed, the marginalized or migrated poor always find those pieces of land as the only alternative for them to settle down. Mostly these pieces of land are either water stagnant low-land or higher elevation steep sloping land. These pieces of land are the least desirable and most
poorly serviced in the municipality. The absence of tenure security is a major setback for those residents who want to build up their own houses and demand services. Local authorities take this for granted and use it as a way to discourage the poor to build up their permanent houses, as well as an excuse for not providing services such as water, electricity, roads and sewerage systems adequately or at all. In some other cases, the locations of slum communities are taken as specific reasons for denying services. For example, in the Mahaiyawa slum community, the inability to supply water is considered to be the inadequate pumping capacity for higher elevations.

The situation has led to keeping the poor as poor, as they are with no measures to improve their quality of life, even though feasible approaches can be formulated effectively to upgrade these settlements. In the Urban Housing Sub-Program (UHSP) under the MHDP in Kandy during 1988-92, there were certain common characteristics of low-income settlements that were identified. These are as follows:

► The majority of resident families who are below the poverty line and on public assistance only receive food stamps from the government.
► Resident households who do not have the security of land.
► People who lack basic amenities such as water and sanitation facilities.
► They spend more than 80 per cent of their income on food.
► Residents of settlements located on marginal lands of the municipality.

These characteristics show that the poor are a neglected tier from the formal institutional structure as well as from the larger society. The areas where these people live in the municipality are shown in Figure 3.7. Therefore, it is important to draw the attention of local government institutions to solving the basic service problems of the poor and to
consider it as a means to develop the slum community residents, and improve their livelihood earning capacities.

### 3.7 Future Profiles of the City

The city of Kandy is expected to grow further at the rate of slightly higher than that of the country’s population during the next two to three decades (Table 3.2). When comparing it with the current population growth, the future growth rate is still crucial for setting policies on how that future population will be accommodated. Although Kandy’s development is practically saturated, this amount of new household formation could be absorbed within the MC through doubling up, construction of additions/new units on already occupied plots, and a minimal amount of infill on vacant plots (UDA, 1998:3).

**Table 3.2**

**Kandy Population Projections, 1998-2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Alternative # 1 Population</th>
<th>No. of HHs</th>
<th>Alternative # 2 Population</th>
<th>No.HHs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>123,650</td>
<td>26,032</td>
<td>145,995</td>
<td>30,736</td>
</tr>
<tr>
<td>2000</td>
<td>127,387</td>
<td>26,818</td>
<td>150,407</td>
<td>31,665</td>
</tr>
<tr>
<td>2005</td>
<td>137,232</td>
<td>28,891</td>
<td>162,032</td>
<td>34,112</td>
</tr>
<tr>
<td>2010</td>
<td>147,838</td>
<td>31,124</td>
<td>174,554</td>
<td>36,748</td>
</tr>
</tbody>
</table>

Source: Urban Development and Low-income Housing Project, UDA. 1998
Notes:
1. Alternative #1 is from Kandy Development Plan estimate based on 1.34% annual growth from 1981.
3. All projected populations are based on annual growth rates of 1.5% starting in 1998.
4. Household size is assumed to be 4.75.

For the provision of sufficient developed land to meet the demand for Kandy’s future residential, commercial and industrial activities, the UDA has proposed a two-pronged
approach—(1) Redevelopment of the city center and (2) Expansion of activities into the Greater Kandy Area (i.e. outside of the KMC).

First, for the redevelopment, it is proposed to remove numerous public sector activities such as the prison, police barracks, the army camp, municipal workshop and stores, and the Central Transport Board depot from the core area of the city. Thus, the land use system will be made more efficient and fair. Vacant land will therefore be distributed for residential and infrastructural service use.

Second, it is foreseen that most of the city’s expansion activities will take place around existing small town centers (Digana, Menikhinna, Madawala, Wattegama, Barigama, Murutalawa, and Pilimatalawa) and outer areas of the KMC. Therefore, it is expected to move some of existing administrative and education facilities to these outer areas or newly create them if necessary to facilitate this expansionary pattern. These services will be located in Gatambe, Peradeniya and Gannoruwa; a periphery area of KMC where municipal vacant land is available for these purposes. The UDA’s future plan for the city’s development is much concerned with the spatial dimension. The following Box 3.2 briefly describes its future vision regarding planning initiatives.
Box 3.2

Future Vision for Planning Initiatives by UDA

City authorities are of the opinion that this twin commerce/trading and tourism approach to future development should be environmentally and culturally sensitive, while maintaining the existing lower-density fabric of the town center. This vision of Kandy's future, in conjunction with current development levels and growth patterns vis-à-vis its region, leads to the desirability of planning for economic development and growth management within the context of a Greater Kandy Area. For the purpose of the outline structure plan, the Greater Kandy Area will include the KMC and surrounding towns such as Digana, Wattegama and Ambatenna. Therefore, the proposed outline structure plan follows a two-pronged approach: (1) rationalization of the development of the KMC, with an emphasis on the redevelopment of the town center, and (2) planned expansion of commercial, industrial and residential activities in the Greater Kandy Area.


However, even in this future plan, emphasis has not been given to the problems of poor slum communities. The development of a city does not mean just expansion of buildings structures unless people’s needs are met and the well-being of city dwellers ensured. The poor slum communities should be considered as an important part of urban society and their well-being should be ensured by providing access to municipal services.

Unfortunately, at present, the local authorities have neither experience nor the tradition of providing urban services satisfactorily to the existing low-income settlements.

Present growth management policies in Kandy do not seem to be well-planned or to satisfactorily address city dwellers’ problems relating to basic services and social well-being. Most of the proposed plans are still at their initial stages. Both disproportionate and inadequate provision of basic services creates issues relating to environmental degradation and economic and social problems.
The needs basic services of poor communities are therefore highly unlikely to be addressed in the near future unless better approaches are formulated by means of a collective approach initiated by empowered local authorities, actors in the civil society including local politicians, NGOs, academics, private sector and low-income communities. The planner's positive role concerning upgrading of these slum communities can be made possible through community-based participatory approaches and by convincing local authorities to address these problems.
CHAPTER IV
The Case Study of Mahaiyawa

4.1 Geographical Location of Mahaiyawa

Mahaiyawa is the largest slum community in the inner-city area of Kandy Municipality (Figures 3.6 & 3.7). The core of the city of Kandy falls within four municipal wards. Mahaiyawa is one of them, located in the Northwest of the city, within which this low-income squatter settlement is located (Figure 3.2). Therefore, Mahaiyawa is the closest slum community to the core of the city. Trinity College playground is to the east and the newly constructed road from the city center to Katugastota is to the south. The Kandy cemetery is to the north and a home for elders is located to the west. The land area of this community settlement is about 10 acres in extent, consists of some steep slopes and flat land areas. The east periphery is a steep hilly area where the population density is relatively lower, and the flat land area is closer to the Katugastota road where the population density is higher (Figure 4.1).

Although Mahaiyawa is one of 52 slum communities scattered around the municipal area, its social, cultural, ethnic, and political characteristics are distinct from other slum communities. The implications of the distinction are very important as well as significant for understanding community dynamics, power relations and other social and political factors of the community. This chapter intends to expose some of those important factors that are fundamental for understanding why this community is under abject poverty.

What are the various functional relationships that undermine the development or
improvement of the quality of life of these people? How are these people oppressed by the existing social, administrative and political institutional structure?

4.2 Historical Background of Mahaiyawa Slum Community

Before discussing the complex issues of the existing social, administrative, and political institutional structure, it is important to understand how historical relationships perpetuate the basic services and housing conditions of the community.

Slum communities developed through various processes and stages of conflict. These evolutionary stages of slums in Kandy are closely associated with their social, economic, political, cultural, ethnic and religious affinities. However, few historical documents are available regarding the Mahaiyawa community. The historical information given by the Community Development Officer (CDO)\(^{14}\), and some residents, whom I interviewed in the community, helps us to understand the evolutionary changes and various stages of expansion of the Mahaiyawa slum community.

Originally, the location was known as Mahayaya which means a large plot of land. In fact, this is the largest undivided single plot of land located in the inner city area. The origin of the slum goes as far back as the 1860s, the period in which the British colonization flourished with commercial crops mainly tea. The shortage of labor during this period led them to hire cheap labourers, who were ethnically Tamil from South India.

\(^{14}\) The name of the CDO is not mentioned for reasons of anonymity. However, his personal characteristics and performance will be used to explain the relationship between the local authorities, and the community.
The estate owners employed most of those labourers as estate workers and others as city cleaners. Housing was provided freely by the colonial government, and those houses were popularly known as "line rooms"; low-cost houses with shared amenities, built along the roads or foot-paths in lines\textsuperscript{15}. Mahaiyawa settlement is one such community.

Mahaiyawa King quarters, which is also a part of this community, has a different historical background. This was originally a settlement of only a few families, who had been settled by the King of the Kandian Kingdom even before the South Indian Tamils settled in Mahaiyawa. The purpose of their residing at King quarters was to serve King and perform certain duties to the Buddhist temples around the city. These people were Sinhalese. However, Tamils in Kandy have a long history even before the British hired laborers from South India\textsuperscript{16}. Tamil and Sinhalese have had a close relationship with each other socially and culturally. Unfortunately, regional conflicts within Sri Lanka have been misinterpreted as ethnic conflicts in history by the foreigners who invaded Sri Lanka due to their lack of understanding about the social and cultural ties among ethnic groups. This misinterpretation was expressed by Sri Lankans themselves in later periods and what were once political issues have turned into ethnic issues. The ongoing ethnic conflict, which started during the early 1980s, is one of the consequences of these ideological changes.

Although Tamil people have lived in Mahaiyawa throughout the ethnic conflicts, no moves have been made against them by the Sinhalese who live within the same

\textsuperscript{15} The quality and size of these line-rooms are discussed under housing in this chapter.

\textsuperscript{16} See Chapter 3 for more details on this.
community. The main reason is equal socio-economic background: all are low-caste and poor, so the community tends to ignore ethnic differences. Moreover, the similar social backgrounds improve social cohesion among families, who collectively resist any confrontation with outsiders. Therefore, Mahaiyawa has been a safe area for most of the poor Tamils. For this reason, migration to this slum settlement has increased over the last two decades. Although the population increased during this period the living space available for them as well as the basic services facilities have not expanded. Both extended families from the original settlers and new migrants have made the settlement overcrowded.

The Mahaiyawa slum community is typically different from other slum communities in Kandy. These differences are mostly shaped by the location of the community, its ethnicity, and the historical relationship between the KMC and the community. As Mahaiyawa is the closest slum to the city center, the land they occupy has a higher commercial value. Ethnically, the majority of them are Tamil whereas in most of the other slum communities the majority are Sinhalese. Therefore, the relationships between inside and outside the Mahaiyawa community are relatively weaker than with the other slum communities. Historically, people in the Mahaiyawa community have lived in this location for over three generations, and this is further reflected by the locations of other newer slum communities which have grown on vacant lands available in the peripheral areas of the city. Furthermore, the Mahaiyawa slum community traditionally works for the KMC as laborers, whereas no other slum community in the city has such a long-term relationship with government institutions. This long-term relationship between the
community and the KMC shapes the nature of land tenure of the people, and their economic survival, and poses difficulties for these people to access to basic services.

4.3 Socio-economic Conditions

4.3.1 Social Dynamics
The total number of families in Mahaiyawa is approximately 900, and consists of a population about 4,200. Almost 90% of the residents are Tamil, an ethnic minority which composes around 15% of the national population. The remaining are Sinhalese and Muslims consisting of 3% and 6% respectively. Religiously, most of the Tamils are Hindu, while about 7% are Christian, 3% are Buddhist and 2% follow Islam\(^\text{17}\). There are three Hindu temples located within the community premises, which are nearly 100 years old. There are also a temple and a mosque for other minority groups.

The caste system within the community is not a significant factor for segregating people since many other commonalities such as poor economic conditions, ethnicity, culture, and religion overlap. However, caste becomes a significant factor in certain cases for some particular groups of people, usually the community leaders, for building up network relationships with actors outside the community.

The most intimate social level in the community is the household. In some cases, economic life could encompass more than one family living under the same roof. The

\(^{17}\) No recent survey or research data are available for socio-economic conditions in Mahaiyawa community. Therefore, the KMC, UDA and NHDA use their own estimated figures. The figures given in this chapter are based on those estimations, as well as the figures given by the CDO in Mahaiyawa and my field research observations.
second level is that of inter-household relations at the lane, neighborhood and community levels. These relationships are functionally and spatially important by inter-personal and inter-household patterns of reciprocal assistance. All these elements of community social life are the sources of the indigenous social cohesion of the Mahaiyawa community.

### 4.3.2 Community-Based Organizations

At present, there are several CBOs in the community. One of the active organizations is the Women's society (*Mahila Sangamaya*) which involves women empowerment programs such as training programs and related services for small scale home-based self-employment activity, childcare and nutrition programs conducted by the KMC Health Department. However, the effectiveness of this society in achieving objectives has not been successful, because of internal conflicts and incompetent leadership. This was reflected by the fact that some members were trying to separate and form another women's society. This division seemed to be spatial; based on proximity to neighbourhood rather than ethnicity or caste.

There are religious societies, which are based on people’s religious affinities and serve to perform religious functions and organize religious and cultural events. However, religious societies do very little for people’s empowerment and solving their problems of basic services. There is also a youth sports society known as the “Green Park Sports Club”. They are reluctant to use the name ‘Mahaiyawa’ because of the stigmatized impression that comes from outsiders. The club is mostly involved in promoting recreational and sports activities, primarily among males. They have access to the
community centre in Mahaiyawa, which is maintained by the KMC for holding meetings and keeping societal sports properties. This centre is also available for other CBOs for holding meetings and other communal activities. As well, some recreational facilities are available for children at this centre. They arrange sports events with outside societies in the municipal area.

The major weaknesses of the community mostly lie in the lack of competent leadership. Community leaders are much concerned about their individual interests, personal contacts with outsiders such as politicians, and officials for fulfilling their own desires rather than community needs and group expectations. They are not trustworthy, as community members have learned from their malpractices in the past, such as broken promises, corrupt and misuse of societies' money.

Apart from these formally constituted CBOs, there are a number of other small groups that are concerned with their particular issues only. For example, there are labor unions and, pension unions. Some people are members of other unions outside the community. These unions are mostly based on their employment and trading activities in the informal sector of the city. Head load carriers, cobblers and street vendors know each other very well from working together for a long time. They have their own social networks and unions for day-to-day informal sector activity.

Although there are frequent quarrels and bickering related to the common use of public utilities, tight kinship, neighbourhood relationships and ethnic bonds make all disputes
only temporary, with social relationships soon returning to normal. Furthermore, there is a broad pattern of mutual assistance and exchange activity among neighbourhood families and community groups such as the exchange of household items, use of sleeping spaces in neighbouring households to accommodate visitors, and borrowing money for short-term uses. They respect each others’ cultural and religious affinities, organize in an emergency or in terms of distress such as for a funeral or an illness and can mobilize resources within a short period of time in terms of financial, labor and material or equipment, regardless of the caste, kinship or ethnicity of the families who are effected. These are the most valuable social and cultural ties that exist in the community.

4.3.3 Education

Although there are several recognized, well-facilitated government schools in the city, the children in the Mahaiyawa community have little access to these schools, due to inability to pay high school fees and other related expenditures. These schools are usually filled up with the children of powerful rich and middle class families, high rank government officials and the elite of both rural and urban areas. The poor community children are educated at small and poorly facilitated government schools. According to survey sample data, only 15% of the population having educations above the grade 10 level, and 65% below the grade 5 level. Therefore, in general, the level of education in this community is poor. Only a very few have been educated at the high school level. Although people do have minimum literacy, this is inadequate to gain access to formal sector employment in the government or private sector. The drop-out rate among
Mahaiyawa children seems to be relatively higher in their early stages of education, as they leave to join various economic activities.

Access to information and communication facilities are relatively poor in this community, but use of radios and TVs is common. However, people usually use these for recreational purposes such as listening to music, and watching films, rather than as tools for access to information and education.

4.3.4 Health and Medical Facilities

The health conditions of the people in Mahaiyawa are relatively poor. According to the Medical Officer at the KMC Health Department, they are concerned about the Mahaiyawa community for controlling diseases such as diarrhea and malaria. The main causes seem to be the lack of health education such as awareness of diseases and preventive measures, and lack of basic services to maintain the hygienic sanitation of the settlement and its environment. The necessity of adequate basic services, especially water and sanitation (toilets, well-functioning sewerage system and solid waste management system) is obvious given the high density of population in this community. Roads, and footpaths within the community are always busy with people throwing out solid wastes and spiting carelessly. Children play on the roads and footpaths, and elders gather by the roadside and within the small spaces left between lines of houses. Individual houses do not have their own backyards or compound areas. Some houses have become extremely dense settlements, containing as many as 15-17 individuals per house, which may include 2-4 number of households, although the housing space is not adequate even for a small
single family consisting of 4-5 persons. Usually, this density brings hazardous effects on health and the environment, due to lack of basic services.

According to the information given by both the KMC Health Department and interviewed families, health educational programs on childcare, nutrition and midwife and maternity clinic services are currently carried out in this community by the KMC Health Department through the women's society. In addition to this, all families in this community have access to Kandy General Hospital located in the city, which is maintained by the Ministry of Health. Although the facilities are available in this hospital resources such as expensive medicine, equipment and consulting specialist doctors are mobilized through personal contacts with hospital workers or high rank officials and the poor people are poorly served, this is not an exceptional case for Mahaiyawa, but for all others who are poor. According to my own experience and observations, Kandy has well-established private sector health centers and hospitals. Most specialist professional doctors who are officially appointed doctors to the government hospitals are hired by these private sector hospitals so that poor people's chance of consulting such a specialist doctor depends on his or her affordability.

### 4.3.5 Economic Background

Mahaiyawa is a low-income slum community. Their survival strategies and efforts benefit from the location of the slum community, particularly its proximity to the city. Most of the Tamil people in Mahaiyawa are working as laborers at the KMC who are involved in city cleaning activity, cemetery maintaining and other related activities. Some
of them are traditionally workers for the KMC from generation to generation. Nevertheless, a new labourer is supposed to work for at least five years on a temporary basis in order to be qualified as a permanent worker. The permanent workers are entitled to receive pension payments after retirement. The current salary scale for a laborer at KMC is around Rs. 3,000-3,500 per month, which is relatively a low salary scale in public sector which merely covers the cost of living. These laborers are much concerned about their pension payments on retirement and holding some sense of land security in Mahaiyawa settlement where they live. They need to be involved in some other self-employment activity for making additional income for covering living expenses. Many of them work in informal employment, such as head-load carriers, who load and unload small containers or bags to vehicles or carry loads for people, or as street vendors, cobblers and casual workers such as cleaners in hotels and other private sector businesses.

Some families are involved in making food such as hoppers, string-hoppers, short-eats and sweets for commercial purposes, and provide them to the hotels and other small canteens and groceries in the city\textsuperscript{18}. Some are engaged in various small-scale home-based production and service-oriented business activities such as documentary (typing/computer) shops, rubber seal shops, cobblers, barbers, tailoring shops, grocery shops, and movie rental shops. Women mostly participate in home-based income earning activity while caring for their children.

\textsuperscript{18} These are some of the food types that popular among Sri Lankans and available at ordinary hotels.
In addition to all these economic activities, some small segments of the community seem to be involved in informal and illegal income earning activities, such as the production and selling of illicit liquor, gambling, hawking and prostitution. Except in the case of municipal labourers, the levels of income of these families are difficult to estimate. Their level of income often fluctuates, is difficult to predict, and is mostly irregular. No records or documents are maintained regarding these income earnings. Although two poverty alleviation programs were launched by both present and previous governments the Mahaiyawa community did not satisfactorily benefit from any of those programs.

4.3.6 Political Dynamics

Mahaiyawa seems to be an active community as residents make great efforts to solve their problems in land tenure, housing and basic amenities. At the same time, these people have been manipulated by politicians for several decades in the past because of unrealistic political promises. For instance, the Mahaiyawa Rural Development Society, which was initiated at the beginning of 1980s with the intention of helping families to get their deeds for lands, upgrade houses and develop basic services and other community infrastructure collapsed due to the lack of support and political will at initial stages of development.

Each political party has supporters from the Mahaiyawa community. The United National Party (UNP) is the dominant political party within Mahaiyawa. It was the central government ruling party during the previous regime and is currently the main opposition. This party continues to be dominant in the Central Provincial Council as well as in the
KMC. The other powerful political party is the Sri Lanka People’s Alliance (SLPA), which is a multi-party coalition and is the present central government ruling party. Other than the two dominant political parties there are some minor political parties whose supporters are not very active in the community. The Ceylon Workers Congress (CWC) is one of them for which majority of the supporters are plantation workers. The CWC is currently a part of the SLPA coalition.

Politicians know that Mahaiyawa is a pool of votes, and if they can convince the community somehow, it will be an easy win for elections. Politicians know the strategy to convince people, as they have undergone numerous hardships due to the lack of basic services such as housing, water, sanitary and other infrastructure services. As long as these problems are unsolved, people need to beg for the politicians’ support. Politicians use this situation as an opportunity for asking socially powerful individuals to take the leadership and organize the community just by promising to improve these services. These agents of politicians ultimately benefit from the support given by politicians in solving their individual problems rather than communal issues. After that, the politicians are not even seen by the people until the next elections are scheduled. At present, people are disappointed with politicians due to past experience. Nevertheless they continue with this process as they have no other alternative.
4.4 Availability of Basic Services

4.4.1 Land and Housing
The land occupied by the Mahaiyawa low-income slum community is legally owned by the KMC. However, the community has resided there for as many as three generations and possesses a history as old as that of the KMC, which was established by ordinance in 1865. The people who lived there in past generations as well as who are living there now have worked for the KMC as laborers and minor workers. Yet, they have not been given land ownership. The land security of present residents has been confined only to a 30 years period leasing deed extended by the KMC, and after that period it is renewable for another 30 years, with the lease transferable to a nominated family member by the leaseholder after his/her death. According to the KMC, this system of land tenure has been effective for over the last century. It includes various conditions upon which people have to build and maintain their houses. Some strict conditions of this land tenure are given as follows:

- Shall and will pay the rental of Rs. 120/= (US $ 1.50) per annum each and every year.
- Shall not sublet, sub-lease the premises or in any manner to a third party.
- Shall not effect any structural alterations, improvements or renovations without the prior approval in writing of the Municipal Commissioner.
- Shall keep the said premises in a tenantable condition.
- If the said premises being required for any purpose of the Lessor Council (KMC) and upon receiving three month’s notice from the Lessor Council surrender, yield and give up possession of the premises without claiming any damages or compensation.

Source: official leasing deed issued by the KMC

Out of the total number of about 900 families, only about 275 families have such land deeds. As well, according to KMC statistics, around 834 families are not migrants, but
descendent families from the original settlers. They are known to be unauthorized settlers by KMC. Because of the rules and regulations of the KMC, they have no rights to land or to upgrade their houses. According to a proposed community development program initiated in collaboration among KMC, UDA and NHDA, the families who do not have the leasing tenure have been asked to agree to relocate to another location about 12 miles from the city.

Housing in Mahaiyawa is an unsolved issue. About 625 houses are occupied by nearly 925 families. In an extreme case, one house is occupied by 5 families even though the house does not have enough space even for a 4-5 member, single family. There are only a few houses with a kitchen and a bedroom and a living room available separately. About 90% of the houses are in poor condition; they do not have adequate space, ventilation, natural or electric lights. These houses have no clear separation of kitchen, dining room, living room and bedroom, and all are confined to one or two rooms. Except for one or two chairs, a table and basic appliances, there are not many belongings in these houses. Families cook with expensive as well as environmentally unfriendly fuel sources such as firewood and kerosene as they are not able to pay the initial costs for gas cookers. Electricity connections are not possible due to the low quality conditions of the houses, otherwise costs would have been lower in the long run. In certain cases, people make illegal connections from street lines despite the possible risks of electrocutions.

A few relatively good condition houses exist with tile roofs, two stories, bricks and cement-plaster and painted walls. These are owned by community leaders who have close
relationships with politicians and other influential groups outside the community. In addition to the quality of houses, the residents of the good condition houses have a little space for flowerbeds, vegetable plants and animal husbandry as well. The other rank of houses are occupied by the employees of KMC. These are 'line rooms' which are not as good as the former ones, but are still relatively in good condition. The space and structure of this type of a house is around 150 sq. ft with no extra land space available. These houses are made up of low-cost building materials, but are relatively permanent. For a normal family of 5-7 members, the space in this type of a house is not adequate. There are about 250 houses like this in the community. The later comers and the extended families without land deeds- the present majority of the community- have the lowest conditions of housing. These are temporary and have no particular plan, or no foundation. These are erected wherever space is available. The situation has led to overcrowding and the lack of space for laying down infrastructure such as footpaths and steps. Building materials for these houses are the lowest, which include cardboard, polythene, asbestos, used wood and papers. There are more than 400 houses belonged to this category which are the most unhygienic, poorly served area of the community.

At present, except around the permanent houses and line rooms, no appropriate roads or footpaths are available for other houses. These houses are located on steep slopes, by garbage collection spots, next to the walls of communal toilets or bathing spots, and on sewerage canals covered by wood or plates. Their quality of life is very poor.
4.4.2 Availability of Safe and Clean Water

One of the essential services for any community is water. The only possible source of water to this community is pipe-borne water supplied by the KMC. At present, only about 80 families have private water connections to their houses whereas around 80% of the community do not have such a direct connection. Instead, they only have access to communal stand-post water supply. Problems relating to water vary in this slum community. These problems are usually the inadequate and disruptive water supply, rules and regulations of the KMC, communal water use with proximity to the water pipes, and inadequate maintenance.

There are only 26 stand-posts for water available and they are scattered around the whole community. In its extreme cases, there are 15-20 families using one such stand-post water pipe, otherwise one pipe is used by around 10-15 families on average. There are 6 bathing spots available for communal use. At each spot, six persons can bathe at a time. But often at least one or two showers are broken at each place. Some families have easy access whereas other families have enormous difficulties fetching water due to lack of footpaths or flights of steps to their houses. People usually wait much time at water pipes, and the use of water pipes over time makes the location unhygienic since people wash their dishes, pot and pans, and clothes at the water pipes. Usually the used water flows to open sewerage canals and often they are blocked by various solid waste materials. Therefore, issues regarding water use, cleaning and maintenance are critical.
In addition to the inadequate number of water pipes, the constantly interruptive water supply is another problem. Each household must use its own method of storing some water in containers for use in case the water supply is interrupted. This causes waste of water through evaporation, leaking and spilling over from containers. People complain to the KMC that the water supply is continued during the morning hours only after that it is interrupted or that they have no water supply for the rest of the day. According to the KMC, the problem is due to the lack of capacity or the pressure of the water-pumping machines. However, this is not a problem for the well-off families who live even in higher elevation areas in the city. This problem is specific for the Mahaiyawa community due to its steep slope geographical location. Although the remedy is to fix a high pressure machine, there is no powerful intervention to make it happen.

When comparing the situation of Mahaiyawa with other slum communities in Kandy, the problem of inadequate provision of basic services is common to most of the low-income communities. However, the disadvantage of the Mahaiyawa slum community is the lack of acceptable alternative means to access those services. For instance, some low-income communities in peripheral areas of the city have some access to well water, stream water, house building materials and more space between houses than in the Mahaiyawa community. Furthermore, the relationship between community and outsiders is relatively better although the outsiders may not be rich or powerful actors. The similar ethnicity is a strong factor in such cases for finding part-time employment, contract work and mutual assistance programs with neighbouring communities.
4.4.3 Sanitation, Sewerage and Solid Waste

There are about 82 latrines available for communal use allocated among each block, while only about 40 families have their own toilets. At each place these are connected to a septic tank which are rarely emptied. These toilets have been used since as far back as 1948 and have not been renovated or expanded despite the population increases. Therefore, the existing limited number of toilets are over-used, causing overflow. Some toilets cannot be used and are malfunctioning due to contamination. CDO and KMC health officers agree that the capacity of toilets is not adequate for the existing population in Mahaiyawa. Alternatively, some people use open sewerage canals for defecation, so that the maintenance and cleaning of the sewerage system has also become difficult. Usually toilets do not have electricity lights, so that women, children and aged people face difficulties in using these toilets during the night, due to safety concerns.

Municipal laborers, who are members of the same community as well, are reluctant to clean the sewerage system and the toilets due to health risks. The laborers are often vaccinated with antibiotic by the KMC Health Department despite the long-term side effects. Furthermore, the KMC allocates only 10 laborers each day to clean the whole area within a four-hour work session, which is not adequate to serve the area properly. Laborers complain to the KMC for not issuing necessary cleaning equipment whereas the KMC is confronted with laborers who they suspect of selling out the new equipment to outsiders at low prices whenever new equipment is issued.
Usually collection procedures are irregular and inappropriately performed. Except for a few houses along the roads, most other houses do not have access to the solid waste collection system. Therefore, people have been asked to bring the garbage to the roads where tractors can pick up the garbage, but this is not properly done due to the lack of equipment in each house people often throw garbage into the sewerage canals.

4.5 The Power Relations between the Community and Outside Actors

There are several CBOs in the Mahaiyawa slum community such as women societies, religious societies and youth sports societies, but none of them have worked actively for the improvement of their living condition. Even though many attempts have been made since the 1980s by the CBOs in Mahaiyawa to upgrade and provide basic services to this community, all attempts have been ineffective. Perhaps they were not powerful enough to draw the attention of the officials in the institutions and other responsible parties such as politicians and NGOs. For instance, even with some assistance provided under the MHDP and UHSP of MHDP for housing and infrastructure facilities, particularly for the low-income communities, Mahaiyawa community was unable to get adequate assistance from those programs as well. They benefited only in some facilities such as a pre-school, a library and a community center. This can be compared with other low-income communities such as Menikkumbura, and Dodamwala which were able to benefit fairly well from this program and build up their own houses and other infrastructure facilities successfully. The inability of the Mahaiyawa community to mobilize resources and other benefits for the betterment of the community is problematic.
Power relations and contacts with outsiders to the community are mostly on an individual basis, rather than as representatives of the CBOs of community. Although it seems that the community is more backward in terms of influential relations with outside actors, some particular groups of people in the community, particularly higher caste Tamils families who usually the community leaders, are relatively active and have more influential social and political relationships with outside actors. Therefore, these families have been better off with access to services and other benefits such as land deeds, housing loans, employment and admission of children to better schools and so on. They are usually the leaders of the CBOs and are relatively better educated than the other families in the community. Some are supporters to the politicians who seek votes. The community leaders deal with the interests and expectations of these outsiders and in return they maximize personal gains rather than the well-being of the community. The majority of the CBO members whom I interviewed are disappointed with these community leaders selfish, and the leaders are no longer trustworthy of these members of CBOs. Nevertheless, they are scared or do not like to criticize them openly. Some of these community leaders have built up two-story houses with better access to services. But members of those CBOs are just merely members and have no access to basic services. They know that they are being cheated by the promises of politicians, but powerlessness in terms of economic, social, cultural and ethnicity have made them less reactive with outside formal power relations.

A long historical relationship exists between Mahaiyawa community and the KMC, which started from the establishment of the KMC. This relationship has three different
forms: first, people in Mahaiyawa traditionally work as laborers (patron-client relationship) at the KMC despite the low salaries and being the bottom of administrative structure as laborers over three generations. Second, they are tenants who pay rents for living on the land, which belongs to the KMC (landlord-tenant relationship). Third, they are a part of the urban society dwelling within the city boundaries (state-citizen relationship). Therefore, they should also be under the coverage of KMC municipal management for the well-being of urban dwellers. However, none of the above linkages have been effective enough to draw the attention of the KMC officials to the problems of the Mahaiyawa community and to take measures to solve them. Instead these institutional relationships have posed difficulties for the community to find its way out of the problematic trap. Only a few officials who I interviewed at the KMC understand the situation and the importance of addressing the problems of low-income communities through community-based development projects. However, they cannot extend their support due to the various constraints from the politicians which impede such efforts.

Other than the institutional linkages, people in Mahaiyawa have close relationships with others who work in the informal sector in the city. Some of them are members of the labor unions of head-load carriers, cart carriers, cobblers, street vendors and tourism-related jobs. They do not allow any outside person to enter their activity without permission from the union. Although there are no records or formal documentation procedures union members have a strong sense of unity. These social networks are powerful, active and functioning well for the survival of their minimum standards of life, and job security, and they resist collectively movement that coming against them from
outside. Under these unionized relationships, the families in Mahaiyawa have some connections with other families who live in low-income communities within the KMC. But these linkages are confined to occupational matters only.

Although the people who work as laborers at KMC are eligible to take housing loans from the NHDA, houses cannot be extended or changed and can only be repaired by the regulations of the KMC. Moreover, officials are far from the community expectations. At present CDOs who are young, and educated up to high school level are the agents of KMC who maintain the link between the community and the KMC. They are mostly bringing messages and orders from the officials rather than forwarding the problems of the community to the officials. Although they may or may not be members of slum communities it does not necessarily mean that they are actual representatives of the community. They have been appointed by the KMC as employees on a temporary basis. In addition to reporting maintenance issues of the community, they organize meetings, and workshops whenever the KMC wants to inform the people, particularly regarding health issues; childcare, and family planning.

When compared to social relationships within the larger society of Kandy, people in Mahaiyawa have been stigmatized by the rich and middle class people. Outsider see this area as socially hazardous, and the residents ill behaved. The people of this community are known as "Mahaiyawa people". They are excluded from the benefits of labor legislation, and are politically manipulated to maintain the status quo. They cannot develop influential contacts with outsiders who can truly mobilize resources and political
will due to incompetent leadership. They are safe as they are a large community and are ensured the status quo by their long-term relationship with the KMC. Because of the ongoing conflict between Tamil separatists and the Sri Lanka government, the ethnicity of the residents have further impedes the relations between the community and the larger society, including bureaucrats, influential politicians, religious leaders other elites.

4.6 Proposed Approach for Upgrading the Community

There has been a proposal for upgrading Mahaiyawa slum community that was made by the Parliamentary Minister of Housing Development, more than five years ago as a political promise to the community. Whether it is a reality or a empty promise, the project planning and designing are already completed without any participation and feedback from the community.

The project is a mix of relocation and upgrading. According to the details given by the UDA and KMC a part of the community who do not have leasing deeds will be relocated in Pallekele, a suburban area about 12 miles away east to the city. The families who hold leasing deeds will be upgraded, gaining residence them in a new housing complex. The proposed housing project is an apartment building, which consists of 200 apartments in two to four story buildings. The project is a collaborative effort among the KMC, UDA and NHDA, but with no other actors from civil society, or the community representatives. The only participants in the project are KMC, UDA and NHDA. The functions they perform are:
Resource contribution by KMC, providing the land at Mahaiyawa where the community currently resides.
Implementation by NHDA investing loan funds given by the ADB\textsuperscript{19}.
Coordination, planning and management by UDA

They believe that this project will ease the land and housing problems of the poor families in Mahaiyawa.

The beneficiaries of this housing project are the labourers and minor workers of KMC who bear the 30 year lease tenure. All the others without a land deed will be relocated to Pallekele, even if they belong to the extended families of original settlers. The relocation, which includes almost 500 families, or more than a half of the community, will be problematic to implement if the community is not considered as an equal partner in this project. Still the community has not been informed about the displacement and the separation of some groups from their indigenous community, which will be a conflictual and confrontational process unless decisions are taken in consultation of the community and its leaders.

The cost of constructions per apartment has been estimated at Rs. 350,000 by the NHDA\textsuperscript{20}. So far, cost recovery methods have not been examined relative to housing beneficiary’s affordability and willingness to pay. The NHDA is expecting to recover the cost of constructions within a period of 20 years. According to the NHDA, estimations

\textsuperscript{19} The executive officials in KMC, UDA and NHDA are not sure about from where the funding is coming to this proposed housing project. One of them at UDA with whom I discussed guessed that the project is funded by the ADB and the money is channeled through the NHDA.

\textsuperscript{20} These estimations are based on the costs of building materials in 1998. The inflationary pressure in Sri Lanka has been relatively higher than other periods due to the government financing for the ongoing war. Therefore, the cost of constructions should be more than this given amount.
are that each family who occupies an apartment will have to make a Rs. 1,500-2,000 monthly installment payment. This is highly unlikely given the average family income of a household is Rs. 2,500-3000 per month. The families whom I interviewed said they could afford to pay only about Rs. 500 per month. Therefore, KMC suggests that the cost recovery period should be extended up to 30 years. But NHDA refuses this idea due to the financial management issues arising from high interest payments for the loan.

Therefore, an alternative suggestion made by the NHDA proposes selling a part of the land in Mahaiyawa along the main road, which has a higher commercial value, to the private sector for commercial activities. The revenues will be a part of cost recovery for the housing and infrastructure development of the slum community.

It has been almost five years since the project was proposed and the ceremonial stone laid down, but so far no construction has been started, and documents are disappearing from the files. At present, there is a regulatory conflict between the KMC and the NHDA over the transferring of ownership of the land and the investment of money in the project for infrastructure development. The NHDA refuses to invest its money in a housing project where the land tenure is held by another institution, which is against the central government constitutional regulations of the NHDA. On the other hand, KMC refuses to hand over the ownership of the land to the NHDA because of the high commercial value of the property. Apart from that, certain legal constraints also arise since the land is already leased out to the community for a 30 year period. Furthermore, even if the KMC holds the ownership of the land, lack of financial capacity, lack of personnel and limited legal capacities will impede implementation of the project.
The institutional conflicts, rules and regulations, and lack of coordination between government agencies and local authorities has made this project highly unlikely to be implemented. There is a certain political "tug of war" behind this proposal to further delay and complicate it. For instance, if the NHDA and UDA complete the project successfully the ruling political party will be ensured a substantial number of votes. The KMC, which is presently dominated by the opposition party on the other hand, will be adversely affected.

Furthermore, suitability of an apartment building for a slum community is another issue. People in this community do not have any previous experience of living in apartment building houses. Similar projects in Colombo, the capital city of Sri Lanka, have shown a wide range of failures of this type of projects. Even from many other aspects, such as social, cultural and ethnic, this project would not solve the community's housing problem effectively.

As far as the Mahaiyawa community's situation is concerned, the officials of KMC, NHDA and UDA have drawn little attention to the possible outcomes of ad hoc projects and decisions of relocating the community. There are significant factors which need to be considered from the community perspective.

The majority of the community residents are Tamil, which is a strong factor as long as they all stay at the same location. If a part of the community is relocated away from the city area it will be an unfavorable situation as far as their safety is concerned.
The proximity to the city is an advantage for Mahaiyawa people as far as their economic survival is concerned. If they are relocated their primary source of economic base will be lost or made less viable.

The people in Pallekele have already objected to this project for bringing economically poor, socially stigmatized, ethnically Tamil, and politically powerless families to their neighborhood.

The conflicts show the lack of understanding and experience of local authorities on how to implement community-based upgrading projects. The situation further shows the lack of response from politicians, institutions and other responsible actors in civil society to mobilize the will in order to solve these issues. Instead, they have criticized each other during the past five years, and genuine sense of collectivity is generated to solve this situation. Thus, solving the problems of Mahaiyawa is less likely to occur within the existing social, economic, and political institutional structure.
CHAPTER V

Empowered Local Government and Community-based Slum Upgrading

5.1 The Necessary Aspects of Decentralization in the Context of Kandy Municipality

The previous chapter discussed the problematic situation in the Mahaiyawa slum community in relation to the lack of capacity of the KMC in providing necessary services. The major issues identified were the lack of capacity of the KMC in the areas of financial, legal and human resources in dealing with issues of low-income squatter settlements. It also showed how local authorities have been dominated by the central government through parastatal institutions controlling the available resources and using their executive regulatory tools for intervening municipal functions. As a consequence, institutional accountability and officials’ attitudes have deviated from community expectations, and from participatory principles of governance.

This chapter analyzes the case study, focusing on the situation in Kandy regarding its institutional problems and community issues in relation to generalizations regarding Third World contexts. When looking at the City of Kandy and its overall administrative structure and the escalating issues of poor slum communities, the city could be characterized as a Third World city. Over the past two decades the city of Kandy has grown at the rate of 2.5% per annum and its expansion is reflected in the 52 growing slum communities within the KMC area. Enormous hardships faced by the poor communities due to lack of basic services and adverse environmental impacts have been neglected by local institutions.
The Mahaiyawa community is different from other slum communities in Kandy and even in the TWC context. This is mainly because of its socio-economic, ethnic, and historical characteristics. Understanding the complexity of the case study in relation to the global context will help to identify the major issues of why the existing local authorities are not responding to the problems of this community. What actors and factors affect against improvement? How specific are these in relation to the global context? This in turn would be a basis for policy formulation, institutional reforms and re-designing of proposed projects as measures for addressing the problems of this community. In other words, it is useful to “think globally and act locally”. The next section of this chapter discusses the main elements of the KMC that need to be empowered in order to deal with problems of low-income slum communities. Implications will be made regarding possible interventions by local authorities, and actors in civil society to facilitate the effort of empowering the community by integrating them into the larger society. Finally, a feasible approach for revitalizing future upgrading projects will be discussed.

5.1.1 Operational Failures of the KMC

Operational failures of the KMC are reflected by the inability to deal with rapid expansion of the informal sector. Although the growth of slum communities is a major issue in many cities in TWCs, the severity of problems in Kandy is alarming even if its current population is less than a 0.2 million.
In a global context, local government plays a central role in managing municipal services and enhancing the livability of the urban environment. The major criticism can be made against the KMC regarding its inability to manage the fast growing informal sector and its failure to meet people’s demands for basic services and other infrastructure facilities. Therefore, a large segment of the urban society in Kandy has been ignored by formal institutional structures. It implies that the KMC has not suitably adjusted along with the economic, social, cultural, ethnic and political aspects of the changing city and its people. This incompatibility between the city’s growth and management raises a number of issues. The main issue is the lack of capacity of the KMC that has not been strengthened commensurately since the establishment of the KMC to satisfy the requirements of the growing city. The functional capacity of the KMC has not even maintained the status quo but has worsened in relation to the ways in which the city and its dwellers behave. Therefore, it is necessary to look at those issues with regard to those aspects of local government capacity which need to be empowered in order to formulate participatory approaches in dealing with community issues.

5.1.2 Limited Functional Capacity of the KMC

Sri Lanka started implementing decentralization policies at the beginning of the 1980s. However, the focus of the policy change mostly has been at the provincial level rather than at the municipal level. It has perhaps further complicated the local government system in Sri Lanka to have assigned the authority of supervising municipal governments to the Provincial Councils by making local government the third tier of public administration. At present, local government authorities at municipal level are mostly
subordinate to the central government and they are subjected to the supervision of the PCs and bound to follow the advice, directions and guidelines as defined by the central government. They also have to carry out assigned development planning activities.

Furthermore, a number of parastatal government agencies continue to have an effect at local levels with central government’s rules and regulations, and overlapping responsibilities. For example, for physical planning and land use planning, local authorities are bound to adhere to the requirements incorporated in the UDA Act (Zoysa, 1998:11). In addition to that, these central government agencies are better equipped to handle urban development and infrastructure development in terms of financial, legal and better personnel powers compared with the KMC. Therefore, the KMC is still under its conventional form of institutional structure and has not been given electoral accountability or fiscal autonomy to perform its functions independently. Therefore, it is clearly evident that the decentralization of regional planning and implementation has still not taken the full form even though there is a network of regional institutions established throughout the country. This is mainly due to a lack of commitment to the devolution of powers and a clear-cut demarcation between the center and the periphery (Zoysa, 1998:12).

The situation becomes further complicated when the PC and the KMC are controlled by different political parties. At present, KMC is dominated by the UNP whereas CPC and central government are dominated by the SLPA, and they seek votes by intervening municipal administration to remain in power and enjoy the privileges. The anomaly in
municipal management, which leads to a lack of coordination among these institutions and creates difficulties for formulating clear strategies for developing the city and dealing with community concerns for upgrading poor settlements. Therefore, urban management in Kandy has been hampered by overlapping and conflicting responsibilities of different institutional structures.

Political interference in decision-making, policy formulation and administrative activities may be disruptive to the administrative procedures, but if local governments are empowered, they can intervene more effectively in mobilizing resources and implement policies more efficiently through better interactions with other actors in civil society. Although the bureaucratic working culture of administration still dominates, particularly in TWCs, where colonial administrative systems persist the empowerment of the local government will make them more accountable and enable to act according to the local requirements. In Sri Lanka an impartial bureaucracy has hardly been realized, and personnel practices have been greatly influenced by personal contacts, caste, ethnicity, and political interests. People tend to believe that the bureaucratic administrative system is costly, with too many procedures, including the fact that it’s difficult to get their demands heard. This can be reformed when the bureaucratic system is integrated with the civil society and empowered with necessary capacity to respond to the local rather than to the central government’s, or provincial governments, rules and regulations. Therefore, it is important to look at what elements of the KMC capacity should be improved in order to meet its municipal management goals successfully.
The most important aspects of empowering the KMC are access to adequate funding, efficient organization, clear lines of authority and qualified personnel to make the performance of municipal functions effective and enable them to address the problems of low-income communities in Kandy.

5.1.2 (a) Financial capacity and qualified personnel shortage

Lack of financial viability is an evident weakness of the KMC with regard to both revenue generating capacity and the inefficient administration of financial management. Although there is no guarantee that local government will perform any better than the central government if they are financially well-off, good local leadership, which formed by a collective effort through empowered local authorities, actors in civil society and slum community leaders or representatives backed by adequate financial resources, will increase the chance that those resources will be optimally used for the socio-economic well-being of urban dwellers and urban environmental sustainability.

The revenue sources of the KMC are limited to a few taxes and user charges\textsuperscript{21}. Property taxes and water revenues are the only main sources of income. There are a number of inefficiencies existing even in collecting this income. For instance, assessment of property values is not correctly updated in order to adjust tax rates. Although the city has grown at a relatively fast rate over the last two decades, the KMC has not updated its city map to identify the areas where property values are increasing and where the urban area is expanding. The land and property values in Kandy are increasing quickly due to heavy

\textsuperscript{21} Refer to the section 2.4.2. (b) of the third chapter for more details on financial resource capacity of the KMC.
competition for serviced residential and commercial premises. Therefore, the landowners
in the city are well off and enjoy the increasing value of property, not having to pay as
much in taxes as they should once the rates are adjusted. These managerial inefficiencies
are further exacerbated by unresolved disputes over the ownership of property, land
transactions, and division of land that occurs outside the formal system, further
complicating tax collection. The deviation of the formal system from the norms and the
severe shortage of trained qualified personnel to assess the land values are critical issues
faced by the KMC.

Furthermore, the present system of taxation mechanism of local governments are often
unsuitable for various reasons, being low yielding, inelastic and costly to collect and
inequitable in their incidence. Thus, revenue capacity should be expanded and readjusted
to ongoing price and value changes, and innovative forms of new taxes according to
changing patterns of economic and business activity in the city should be introduced.
Also the tax base should be horizontally expanded rather than vertically increased to
distribute the incidence of the tax more progressively. User charges also require a
revision in line with cost inflation, and rationalized for serving people satisfactorily and
equitably. This will be an important policy change for KMC where some politicians,
higher rank government officers and other groups of elite have free access to municipal
basic services while middle class and poor people have to make timely payments.

To perform financial management tasks successfully, KMC should be able to make its
own decisions regarding new financial tools and policies and collect financial resources
from competitive means rather than rely on expensive resources from the central government. Finally, it is important to give necessary directions and training to the staff of the local government to improve their discipline to make a corporate contribution in achieving the objectives of the institution. Some of the impediments to good governance are not necessarily caused by outside interventions, but can be improved within institutional and administrative structures.

5.1.3 (b) Legal capacity

The rigid version of rules and regulations of the KMC are no longer be able to used effectively in integrating the on-going dynamics of urban activity. Therefore, it is necessary for the KMC to have a clear line of legal authority to undertake certain amendments to conventional rules and regulations. In this way it can expand its services to cover the larger society of Kandy as well as broaden its revenue base.

Complications have risen from central government ministries as well as numerous other governmental agencies and semi-government institutions which operate at both the national and local levels. This situation has led to overlapping jurisdictions and a lack of coordination, and as a result the KMC has been unable to play a decisive role in guiding and controlling the growth of urban areas. As illustrated in the figure 3.3, although planning is a devolved function of each tier of local government, municipal councils are directly and indirectly influenced by the policies and regulations of the central government. Therefore, the KMC cannot act independently in planning and regulatory decision-making or implementation. Although the KMC is a representative body, local
level democratic and participatory planning has been undermined by making the municipality a mere office of the central government. This limitation has reduced the functional capacity of the KMC and the effectiveness of decentralization in dealing with local development projects and public services.

5.2 Local Governments Initiatives for Community-based Upgrading Projects

The most challenging task, which needs immediate attention of the KMC, is the growth of squatter settlements in the KMC area. At present, many of the informal sector residents do not have access to basic services, mainly safe and clean water, sanitation and solid waste management systems, in addition to suitable housing and infrastructure facilities. Because housing and its associated infrastructures, and basic amenities are necessary to maintain public health, safety standards, and environmental quality, there is a rationale and responsibility for the KMC to be involved in providing these facilities and to ensure the well being of the urban communities.

The problems of poor communities cannot be solved only by rules and regulations, which are in fact costly and of no relevance. The suitable way to deal with this problem is with a participatory approach. The present situation shows that officials at the KMC do not have any understanding about how participatory approaches can be promoted, and instead continue to rely on rules and regulations regarding the provision of basic services and maintenance. However, when failures occur, officials complain about the community and their inability to maintain the basic services and infrastructure facilities. For instance, in
Mahaiyawa community, this includes the breaking of water pipes, stealing of garbage containers and barrels, disposal of garbage on roads or canals and even some toilets are directly connecting to the open canals. All these malpractices have lowered the quality of services in this community. But the KMC never sees these problems as the outcomes of unavailability of adequate services such as water, sanitation and solid waste management and lack of community participation in maintaining those services.

Although there are CBOs in the Mahaiyawa community, the KMC rarely consults or uses them as means to solve issues regarding provision of basic services and maintenance, such as the location of stand-post water pipes and other sanitation facilities, the quality or design of the constructions, or cost recovery measures. Therefore, local government has failed to promote people’s participation and accountability regarding the provision of services. The lack of interactions, and close relationships between the KMC and the community have forced individuals to find their own ways for feasible solutions to the problems. This in turn reflects the failure of institutional structures.

Most poor communities in the informal settlements have some form of organized leadership, resulting either from long-standing cultural, ethnic or religious institutions or from families who have resided in the community for many years. The leadership which comes from these indigenous sources, can serve as a focal point for discussion and decision making, for mediation of conflicts among community members and pooling and reallocation resources. Institutions can promote this indigenous leadership and promote participatory approaches through advocacy.
Furthermore, the network of interactions between the community and external agencies is also a necessary factor in promoting an approach for mobilizing resources and gaining external support. The experience in Indonesia shows that the process of settlement formation and consolidation varies, depending on the local dynamics of settlements. People should be able to gain recognition and acknowledgement from the authorities. Within a hierarchical-paternalistic social structure such as that in Indonesia, a non-confrontational approach seems to have a greater likelihood of gaining recognition by the authorities (Setiawan, 1998:195). Although conflicts among actors regarding municipal management is the norm a collective effort to solve the problems through the interactions among progressive groups of local authorities, community representatives and civil society would be the most effective approach for lobbying the conflictual groups for common goals (Figure 5.1).

**Figure 5.1**

**The Source of Required Collectivity for Community-based Upgrading Projects**
Similarly, the KMC can initiate a new institutional think tank in order to involve intellectuals who can play an advocacy role in planning activities. At present, there is a recognized university in Kandy, a technical college, several urban NGOs and research institutions, and private sector institutions, but unfortunately all the institutions are segregated in consideration of public issues. There is no close interaction among these institutions for improving the livelihood of the KMC area. Community-based upgrading should be considered as a collective effort and a mutually beneficial process. There is a need to develop an urban management system which enables and empowers the community through participation cum capacity-building. This is the kind of framework or model upon which Mahaiyawa can be upgraded, where problems would not be insurmountable.

5.3 Access to Resources: within and outside the community

The problem of resource constraints has been raised by many actors in consideration of upgrading the Mahaiyawa slum community. However, in most cases, these actors do not distinguish the difference between whether the problem lies in lack of availability or lack of accessibility to resources. The necessary resources for upgrading a slum community can be basically identified as land, financial resources and labor. As described in the previous section, KMC can initiate upgrading projects with the assistance of other actors in civil society to build up consensus over the mobilization of available resources, most of the required resources can be found within the KMC boundaries.
5.3.1 Resolving the Problem of Land Tenure

Although the Mahaiyawa community has lived there for three generations, no formal measures have been taken by the KMC to solve the problem of land tenure. Land ownership is a crucial factor for upgrading slum communities. It has been argued that once tenure is assured, shelter and services are not the main problems in slum/squatter communities, and that if people could obtain employment and earn some money, they would solve their housing problems themselves (Laquian, 1983:25). Although a proposal has been made to build an apartment building for the community, the project has been discouraged due to the issue of land ownership. The management of urban land is an issue, which in most municipal governments involves so many different agencies that the cumulative development of policies has in many cases led to contradictory situations. In order for municipal governments to properly deal with the land issue (and hence with the housing issue), it is necessary to examine current problems and assess the current management system (both explicit and implicit), and, if necessary, implement policy reforms..... Unfortunately, the politics of land make this objective of governance an impossible ideal. Nonetheless, it is an ideal, which should be aspired to (Leaf, 1993:23).

5.3.2 Availability of Finance and Labor

For the implementation of the proposed housing project, a loan has already been allocated by the ADB, which can be utilized for improving housing and infrastructure facilities with a participatory and collective approach by the KMC and other actors in civil society. At present, NHDA has the power to control such funds for housing and other amenities. Therefore, it will be a crucial partner in this effort.
The other alternative for collecting necessary financial resources would be to lease out or sell a part of the Mahaiyawa land that is closer to the main road, which has a higher commercial value, and then to use the revenue to invest in an upgrading project. One highly ranked official whom I interviewed said that the Mahaiyawa land is good for building up a health clinic centre, which people can easily access. If a part of this land can be invested in such an alternative, the money income can be used to build housing for these people. Developing a health clinic would also provide jobs for some people in this community.

The third option for access to financial resources would be to pool finance from the community itself through CBOs and to invest these funds in constructing housing and improving basic services. At present, the families who are employed at the KMC are facilitated to receive housing loans from the NHDA. However, people cannot use that money to build up houses according to their requirements because of the absence of land tenure, and rules and regulations of the KMC. In particular, the formative work of Turner (1968, 1969) and Mangin (1967) led to self-help squatter settlement being viewed as a sensible and viable alternative to the housing shortage; it allowed the poor the opportunity to incrementally build their own home, relating their investments to their income level, giving them ‘freedom’ to decide on size, standard and style according to their individual family needs (Moser, 1982:160). Therefore, if people are facilitated by the proper institutions, resources and cost recovery of projects will not be an unmanageable issue, because the people themselves will become partners in the process.
The required labor for a community-based upgrading project would not be a problem in Mahaiyawa. The essence of a participatory approach is for people to intervene their own development activity. Selecting each block or forming groups based on their neighborhood relationships would be a suitable approach for mobilizing labor to implement such projects. The problematic situation in Mahaiyawa is not due to the lack of availability of resources but due to the lack of accessibility of resources existing within the KMC boundaries. Therefore, collective efforts would be the most suitable approach for initiating community-based upgrading in the Mahaiyawa community.

5.4 Feasible Approach for Revitalizing the Future Upgrading Projects

5.4.1 Shortcomings of the proposed project

Currently the proposed project by KMC, UDA and NHDA for upgrading seems to be less effective mainly due to institutional conflicts over rules and regulations. In addition to these problems, the proposal also requires the relocation of a part of this slum community. Relocating a part of the community to Pallekele is highly unlikely to be an effective solution unless the decisions are taken in consultation with the community and other actors in civil society. The community is concerned about their close relationship with the city for employment and other income earning activities as well as the leasing tenure of the land. Moreover, the Tamils who live in Mahaiyawa are relatively secure and safe from outside threats as long as they live at the same location. Their social relations
within the community, the strength to resist outside influences derives from these social relations within the community.

The KMC officials’, on the other hand, interests toward the commercial value of the land that is occupied by the community and the easy access to cheap labor. The KMC is not so concerned for the well-being of the community. Furthermore, objections have already been raised by the community in Pallekele over this transfer of poor people to their neighborhood, as they believe that they are socially ill-behaved. It is likely that confrontations will arise between the two groups of people because of this attitude. Therefore, the proposed project should be suitably amended with consultation of the people. The relocation should ensure the community’s economic, social and ethnic concerns. For this, local authorities, and actors in civil society within and outside the community must make a collective effort to reach a sound project plan, which integrates community concerns over relocation.

Dealing with cities which have very large informal components means developing more flexible responses, procedures, and policies in order to meet their service requirements. Therefore, collective efforts made by institutions, communities and their leaders, and actors in civil society are essential for dealing with the existing situation in Kandy. Success depends on a sincere and determined commitment by all parties involved. This requires incremental processes of institution-building at the local level. Thus, if the various actors are responsive to the pressing problems, solutions can be achieved collectively and efficiently.
5.4.2 Points for Consideration in Community-based Upgrading Projects

- As it reflected from this study, the community has its own indigenously organized social relationships within the community. Whereas it is the institutions that conflict with each other and do not respond to the demands of the community. Therefore, it is unfair to blame only the community for the existence of a gap between the authorities and the community.

- Design projects that can be implemented in an incremental approach, because larger projects would be unmanageable. Institutions assume that people can build all the constructions as soon as they are trained and given the necessary instructions. They should know not to assign unbearable burdens to the community. The individuals in a slum community do not have permanent income and earn their daily living on a day to day basis.

- Build trust between the local authorities and make procedures more transparent to the community. For doing this money or resources are not needed, but attitudes toward each other and mutual understanding are the most valuable tools.

- Communities need proper technical training before implementing community-based upgrading projects, especially training on how to manage financial resources, how to keep records, how to read plans...etc., and understanding the real meaning of technical terms.

- Consider the community as an equal partner. Make individuals feel that each individual is a responsible person for improving basic services and maintaining a sustainable city life. Community participation should not be confined to a particular project only. It has to be an iterative process until each family can stand on its own, and problems are overcome.
CHAPTER VI

Conclusions and Recommendations

6.1 General Conclusions

The research problem studied in this thesis was why it is difficult to upgrade the Mahaiyawa slum community in Kandy, and why local authorities do not respond to this situation. Considering the empirical evidence, it was possible to identify various institutional issues, conflicts and limitations that impair the functions of governance in dealing with the problems and demands of the community. These conflicts and limitations have exacerbated the situation in the Mahaiyawa community and closed off the potential means to address these problems. Therefore, the study primarily focused on the institutional aspects of municipal management in addressing the problems in basic services in the Mahaiyawa slum community as well as in enhancement of the economic, social and environmental well-being of urban society.

The thesis concludes that the inability to solve the problems of Mahaiyawa slum community can be attributed to the lack of local government capacity. The major weaknesses in the capacity of KMC are identified in fiscal powers, financial capability, legal authority and personnel capacity. Although regard to the provision of basic services to the urban dwellers is the principal role of the KMC, the lack of capacity and dependency on the central government for resources has impaired the ability to work toward solving problems of communities that are primarily local and ought to be addressed locally.
Therefore, improving local governments' capacity is recognized as an essential need. One way to achieve this goal is decentralization of powers to local levels, which should necessarily be accompanied by a significant degree of decision-making power and the authority to change policies without being controlled by the centre.

Under the present system of local government administration, central government parastatal agencies have the controlling powers over financial resources, the execution of rules and regulations, and the domination of decision-making regarding managerial and municipal services. Lack of local government capacity has led to managerial incompetence, inefficiencies, ineffectiveness and unresponsiveness. The dysfunctionality due to lack of power was clearly reflected in the failure of proposed upgrading project for the Mahaiyawa slum community. The mutual exclusiveness of local government and civil society over the problems of communities has resulted in the lack of accountability, transparency, and has weakened the role of civil society in the governing relationship. This situation supports the vicious circle of the present state of governance. Therefore, the solution is to work towards the institutionalization of good governance.

According to this study, the contextual specificity of the Mahaiyawa slum community has many dimensions to consider, which are different in many ways from other slum communities in the Kandy municipal area. First, the majority of the community is Tamil, who are an ethnic minority in Kandy as well as at the national level. Therefore, the residents of this community have limited social, and cultural ties with outside actors in civil society for mobilizing resources and political will to get access to basic services and
improve their quality of life. Therefore, Mahaiyawa is one of the most adversely affected slum communities by the existing institutional structure. Second, the institutional relationship between the KMC and the community regarding land tenure is mostly shaped by their traditional working relationship with the KMC. This relationship, on the other hand, ensures the land lease arrangement and the minimum economic conditions as labourers at the KMC, which provides a meager monthly salary and pension payment on retirement, even though they are still under poverty. On the other hand, this relationship is a trap which the people in Mahaiyawa have not been able to find their way out of. This is why they have been oppressed for generation upon generation.

The future of the slum community will become more problematic unless critical measures are taken. First, the commercial value of the land where the community resides is increasing fast because of its possible alternative uses. Consequently, the pressure for eviction of the slum community is accelerating. Therefore, sooner or later they will be evicted unless systematic measures are taken to solve this situation, now. Second, which is also a supporting factor to the first, maintaining the status quo will result in more human misery, such as deterioration of health, poor education, social problems, and severe consequences for the environment. Third, relocation of the community without separating their family relations or damaging ethnic unity will be more problematic in the future than today.

Finally, a collective approach to urban management by an empowered local government, working together with civil society, including the community may be an effective as well
as a practical solution, as this would be based on a thorough appreciation of local politics, social, economic, ethnic and cultural contexts. The ultimate responsibility for the design of institutions, procedures and policies for formulating a better approach for dealing with these issues rests with the politicians, officials and other actors in civil society. Therefore, the sincere commitment, leadership, will, and desire of these actors will mutually activate the virtuous cycle of local government capacity which will yield the enhancement of economic, social and environmental well-being for the whole of urban society.

### 6.2 Recommendations

- The study concludes that the process of decentralization of powers at local levels in Sri Lanka is not complete or adequate. The present situation shows that decentralization in Sri Lanka is a necessity. Therefore, empowering the local government (KMC) with adequate authority through devolving fiscal, financial and legal powers is a necessary factor for improving the capacity of local government for establishing a system of good governance.

- The central government and its parastatal agencies (UDA and NHDA) should recognize the legitimacy of local governments through legislation and decision-making power in delivering the services to the people equitably and adequately.

- Any decision to upgrade or relocate the Mahaiyawa slum community should be made in consultation and negotiation with the community members and their leaders. The
following factors are also more important to consider in this regard to make such
interaction more practical and amicable:

1. The people of Mahaiyawa are dependent on the KMC for employment as well as on
informal employment in the city. Therefore, relocation must ensure their economic
security.

2. Socially, they have been stigmatized by the larger society for more than a century.
Therefore, measures should focus on social mobilization. The improvement of
educational facilities is one important channel for this.

3. Ethnically they are the minority in Kandy as well as at the national level. Thus, the
community will find difficulty of integrating with a newer neighborhood in another
area if relocated. Therefore, relocation should ensure the safety and self-respect of the
people.

A collective approach with a clear mandate should be formed by the local authorities,
actors in the civil society, and members of the particular community. The local
authorities should be at the centre of this effort in pursuit of implementing the decisions
arrived at by all actors through consultation and negotiation.
6.3 Suggested Areas for Further Research

This study focused on a single slum community in the Kandy Municipal area. As discussed in the thesis, in particular the Mahaiyawa community is different from other slum communities in the KMC area because of contextual factors such as ethnicity, and institutional relationships, which may be different from other communities. Therefore, further research is encouraged to study other slum communities in order to understand the commonalities and specificities of slum communities in Kandy and in the region.

Further research is also needed on how the bureaucratic system at each government tier responds to the implementation of decentralization policy. What does decentralization mean to the bureaucrats in governmental administration? How do they respond to the low-income community’s problems of land tenure and basic services after capacity of local government is built? What contextual factors may affect their willingness to be responsive to the needs of the communities?

Although the Provincial Councils in Sri Lanka are not discussed in detail in this study, their role is increasingly important in regional planning and development. Therefore, a comparative study of Provincial Councils and their relations to municipal governments is encouraged, since it will be useful for understanding the potentials for promoting mutually beneficial links and resource sharing systems.
The role of NGOs in organizing the community and bridging the gap between the community and local government institutions is also an important area to study. Even though there are a number of NGOs functioning in Kandy, effectively involved in dealing with community problems regarding basic services, the Mahaiyawa community has not benefited from those NGOs. Identification of contextual factors that prevent such interventions of NGOs is an important area for further research.

At our current point in history, institutions, communities, and individuals are increasingly able to access information and networks with regard to such issues as employment, assistance and relationships. What does this transitional stage, known as "globalization", mean to low-income slum communities in Kandy? How are they responding to these changes? What are the potential benefits for building relationships beyond the local level? These are also important questions to explore in future research.
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APPENDIX I

Questions asked from Local Government Officials

Current Service Provision in Kandy

1. Can you briefly explain the current situation of urban infrastructure and services in Kandy Municipal area?
2. Are there any non-beneficiary groups of people?
3. What are the major problems in providing public services to these groups?
4. How do you recover the cost?
5. Do people evade payments? What category of people?
6. How do you determine the user charges?
7. How do you spend government subsidy, grants and international aid if any?
8. Is there any proposed development plan to be executed in future regarding the improvement of service provision?

Institutional Problems

1. How do you rate your accountability and standards of service provision?
2. What constraints do you have in addressing the issues of low-income communities?
3. What is the relationship between the KMC and the UDA & the NHDA? Is it a complementary or competitive relationship? And how does this relationship affects municipal functions of the KMC?
4. What is the relationship between the KMC and the CPC?
5. How prepared or equipped is the KMC to take the challenges posed by the growing informal sector and what measures have been taken and could be taken to deal with this issue?
6. What institutional capability do you think should be improved to address the future problems of basic services provision in Kandy?
APPENDIX II

The Questionnaire for Community Households

The study on the basic service provision for the Mahalawawa Low-income community in the Kandy Municipal area

1. Name of the Interviewer:
2. Date of the Field Survey:

3. Household Number:
(We will protect your privacy and not use your name but a number when we analyze and write up the information you provide. We would be grateful for your help but, of course, you are at perfect liberty to refuse)

Basic information

1. Please tell us about in your household. Begin with the female or male head of household.

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(if more than eight persons use reverse of the paper to record)

2. Any members who have moved away or moved in to the household recently?

3. Where did your parents live when you were born? (locality and district).

4. If born elsewhere, when did you move here? (As appropriate, ask if it was for work, marriage or some other reasons)
   i. How many years have you lived in this house?
   ii. Do you own/lease/rent/other?
   iii. Do you have any plan to move away from this place? Why?
   iv. Where would you move?
Education and training

1. Where did the members of the household go to school?
2. What medium did they study?
3. What levels are they in education? If anyone has drop out, what is the reason?
4. If they studied or had training of any kind beyond secondary school, what was the subject? And where did they go for such training?
5. What was the first job they got after the education or training? Where? Was the job related to their education or training?

Sources of household income and standard of living

1. Where does the head of household work? Since when? And as what?
2. Does he earn any extra income from other activity? (try and get a specific description)
3. Would you like to tell us what your monthly gross income from those two sources?
4. Do you receive any pension payment, rental income, remittances or social assistance from the government?

Housing facilities and basic services

1. How many households live in this house?
2. How many rooms (include kitchen and verandah)?
3. Building materials (observations)
4. What fuel do you use for cooking? (firewood, kerosene, gas, electricity or any other)
5. Where do you get your drinking water?
   i. Inside tap (piped water)
   ii. Outside tap (communal use of stand-post water pipes)
   iii. Well (own or public)
   iv. Other
6. Do you feel you have adequate water supply throughout the day?
7. What is your monthly gross payment for these services?
8. Do you have a latrine?
   i. Own latrine (water-sealed, open pit or bucket type)
   ii. Communal latrine
   iii. None
9. Do you satisfy with the existing services? If not what is lacking?
10. How do you dispose your solid waste? Do you have access to KMC solid waste collection system? If not what is the reason?

11. Why has your standard of living improved/declined from the time you lived in this location?


Transportation, communication and travel

1. Does anyone in household own a vehicle? (Push-bike, motor bike, etc.)
2. How do members travel outside the neighborhood?
3. How far away is the nearest bus stop, railway station?

4. Do you have access to telephone?
5. Do you have a radio and a television?

Religion, organizational participation and support groups

1. What religion is followed by your household?
2. Do you or any adult household members participate in organizations connected to temple/mosque/covil?

3. What are the activity and functions perform by these organizations?

4. Do you or any household member participate in other organizations such as women’s organization, youth sports clubs and other support groups? (trade union, credit society, environmental and development groups)

5. What activity and functions do these organizations perform? Do you satisfy with the progress?

6. Does anyone in this household hold a position in any of such community organizations?

7. What relationships do you have with your neighborhood, outside (workplace and other communities and organizations) and political leaders (local and national)?

8. If you or anyone in the household were to suddenly ill or any other accidental incidence such as burning you home, stopped receiving your income, where would you turn for help?