

Evaluation Report

2016-05

Ex-Post Evaluation on the Public Servants Housing Construction Project

The Export-Import Bank of Korea

(Government Agency for EDCF)

EDCF Evaluation Team

(Evaluated by Hanguk Consortium)

This Evaluation was entrusted to Hanguk Consortium by EDCF for the purpose of independent evaluation research. The opinion, findings and conclusion or recommendations expressed in this report are those of the external evaluator and do not necessarily reflect the view of EDCF

I. Project Overview

1. Project Details

- Name of the Project: The Public Servants Housing Construction Project
- Name of the Borrower: Ministry of Finance and Planning (MOFP)¹⁾
- Execution Agency: National Housing Development Authority (NHDA)
- Requested Loan Amount: Korean Won equivalent to USD 10 million
- Condition of Loan:
 - Interest rate: 2.0% per annum
 - Repayment period: 30 years including a grace period of 10 years

2. Project Purpose

- The Project aimed to increase the work efficiency of public servants by reducing the commuting time and to improve the quality of life by supplying affordable priced houses for the middle-income public servants.

3. Project Scope

- The project scope was constructing 400 houses with public facilities in Jalthara, Homagama in the capital city of Colombo, Sri Lanka.

1) The name of Ministry of Finance and Planning (MOFP) changed to the Ministry of National Planning and Economic Affairs (MNPEA)

<Project Scope>

| Item | Scope |
|---|--|
| Construction of Housing for Public Servants | 400 houses |
| Social Infrastructure Components | Community centre and shopping centre |
| Physical Infrastructure Component | Water supply, electricity, sewage disposal, solid waste disposal |

II. Introduction

- The purpose of this project is to enhance the efficiency of work by improving the convenience of commuting and enhance the morale of civil servants by supplying housing to the employees near their work places.

- Originally, the project was planned to construct 540 houses in the Kirulapone and Mount Clifford of Colombo. However, the Sri Lankan government suspended the project for a while due to failure in bidding in 1997.

- In 1999, the Sri Lankan government decided to resume the project. However, the project was amended to construct 352 houses instead of 540 houses in Jalthara, Homagama in Colombo because of the Asian financial crisis which affected Korea. A public servant housing complex was built in the Homagama Jalthara district, about 30 km east of Colombo.

- The National Housing Development Authority (NHDA), the project implementation agency, conducted consulting on its own to reduce construction costs. The total construction period took 55 months which was originally planned to be 36 months. The actual project cost remained within the original project budget.

III. Summary of Evaluation

1. Purpose of Evaluation

- The objective of this ex-post evaluation is to assess the performance of the Public Servants Housing Construction Project and to draw lessons learned and provide recommendations for future projects.

2. Methods of Evaluation

- The performance of the project was evaluated based on the OECD DAC's five evaluation criteria (relevance, efficiency, effectiveness, impact, and sustainability) and cross-cutting issues.
 - The evaluation team complied with the following guidelines for the independence and integrity of the evaluation process: the Evaluation Guidelines of the Commission for International Development Cooperation of Korea; the EDCF Evaluation Manual; and the Guidelines for the Preparation of EDCF Ex-Post Evaluation Report.
- The data is collected through literature review, stakeholder interviews, surveys, and statistical data analysis. The ex-post evaluation team established the project evaluation matrix for this project.

3. Results of Evaluation

- (Overall) The project is evaluated as successful according to the evaluation guidelines provided by EDCF. The overall score in the evaluation was 2.74 points out of 4.0 points as shown in the table below.

<Evaluation Results>

| Evaluation Criteria | Weight | Evaluation Rating | Evaluation Value |
|----------------------------|---------------|--------------------------|-------------------------|
| Relevance | 20% | Relevant | 3.25 |
| Efficiency | 20% | Efficient | 3.10 |
| Effectiveness | 20% | Slightly Effective | 2.40 |
| Impact | 20% | Slightly Influential | 2.17 |
| Sustainability | 20% | Sustainable | 2.75 |
| Overall Rating | | Successful | 2.74 |

□ (Relevance) The project is deemed relevant (3.25/4.00).

- The project was well-designed to improve the residential environment but the housing supply method was slightly inefficient.
- The project was implemented as part of the "1.5million houses programme" planned by the Sri Lanka government and the project was also in line with EDCF cooperation strategy.
- The National Housing Development Authority (NHDA) had promoted the successful implementation of the project as a project executing agency by utilizing professional human resources and administrative abilities based on its experience in housing projects.

□ (Efficiency) The project is efficiently implemented (3.10/4.00).

- The progress of the project was slightly inefficient. The overall project period was extended by 19 months from the plan due to changes in building design, construction materials supply, and demand issues.

- The project budget was carried out efficiently. The NHDA acted as a consultant in order to reduce project costs. Additional houses were built with the funds saved from construction cost reduction.
 - The project management system was efficient. The role-sharing in each project stage was efficient and the project execution agency had a strong sense of ownership.
- (Effectiveness) The project is rated as slightly effective (2.40/4.0).
- The construction of the housing complex and other facilities was all completed as planned, but there were some problems with waste treatment caused by an issue in transferring the management rights of the housing complex to the local government.
 - At the stage of ex-post evaluation, the planned residential households were 400 households, but the actual living residential households turned out to be 199 households with the occupancy rate of less than 50%.
 - The living environment was good because of the well-equipped water·sewage system and electricity·communication system. And the community center was being highly utilized.
 - The mall was not open due to the lack of customers. And residents were complaining about bad odor coming out of the sewage treatment plant.
- (Impact) The project is rated as slightly influential (2.17/4.0).
- When the project was completed about 10 years ago, traffic conditions were better than now, and the commuting time could be shortened. However, since the completion of construction, the number of vehicles in Colombo has increased steadily, while the main roads of the housing complex have been the same as those of 10 years ago. It was found that

worsen traffic congestion was reducing the project's impact on shortening commuting time.

- The development of roads, electricity, communication, water, and sewage systems through the project had a positive effect on the local economy. And positive impacts are expected to be seen in areas such as increase of residents, increase of consumption, and influx of various amenities.
 - Trash separation was being carried out, but odor was being generated from the sewage treatment plant.
 - As a result of the satisfaction survey of the residents of the housing complex, it was found that the residents were satisfied with the level of facilities in the housing complex, but not with the commuting time and operation of amenities.
- (Sustainability) The project is rated as sustainable (2.75/4.0).
- The maintenance and management system for the housing complex was well-established, but it was found that the problem of vacant houses needs to be solved to stabilize the maintenance funds. It was also found that transferring management rights to the Homagama Divisional Secretariat needs to be finalized.
 - Mid-term and long-term plans have not been established in the housing complex, but they are expected to be developed through another housing complex development in the nearby area.
- (Cross-Cutting Issues) There were no special equipment or services for the elderly and the disabled in the housing complex.

IV. Lessons Learned and Recommendations

1. Lessons Learned

□ Success Factors

- The project was in line with the policy and housing supply goals of the recipient country, and the project execution agency carried out project management with a strong sense of ownership from the initial stages of the project to procurement, construction, distribution and establishment of the post-construction management system. As a result, project completeness was enhanced even in the crisis of project delay caused by miscarried bidding, and changes of project site and scope.

□ Limitations

- Although the criterion of selecting residents was fair, the project executing agency had not been able to properly select the middle income officials who did not own their home due to inexperience.
- The vacancy rate was high because there were households that did not actually live in the complex due to retirement and transfer. In addition, there was difficulty in collecting the housing complex's maintenance expenses since there were no legal or institutional regulations to prohibit non-payment of maintenance expenses of vacant houses.
- Due to the local government's refusal to take over the management rights, the housing complex had not received sufficient support from the local government besides garbage collection, which was caused by insufficient pre-consultation with the local government in the project implementation stage.

- While the traffic volume in Colombo has sharply increased over the past 20 years, public transportation and road pavements have not improved much. As a result, improving the efficiency of work by shortening the commuting time has not been accomplished.
- The poor sewage treatment facilities in Colombo in general were also affecting the primary sewage treatment for the complex. Residents in the complex were complaining about bad odor coming from the sewage treatment plant.

2. Recommendations

- It is necessary to increase professional manpower who can fully reflect the local context in the future. Moreover, we recommend that designs for vulnerable people such as the elderly and the disabled be applied to future projects.
- From the early stages of the project, the project executing agency and the operation and maintenance agency after project completion need to discuss the post management plans, such as the method of securing the maintenance budget.