

The Future of Sites and Services

WBG Global Affordable Housing Conference

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The World Bank, Washington, DC



OUTLINE OF THE SESSION

- Background of and findings from our study
 - Study reviewed the experiences of 1st generation projects across 14 design features:
 - Will share findings of a few of these areas
- Panel discussion based on the future of this intervention given what we have learnt in our review
- Questions from the audience



Introduction

The broad objective of sites and services programs was the delivery of incremental housing for the poor through the provision of small serviced plots, sometimes with a core unit

Sites and services emerged in the context of:

- Rapid urbanization in the 1960s and 1970s and the failure of prevailing public housing approaches to meet housing demand
- Promotion of self-help in development and housing provision
- Pressure on development agencies to extend their range of development loans to include urban infrastructure and housing

Between the early 1970s and 1998 the **World Bank alone**, as the largest financier, invested in **100 sites and service projects** across 53 countries with a **total investment of \$14.6 billion**. Countries also implemented these projects with no external assistance

Decline and renewed interest in sites and services

A drastic change in the 1980s and 1990s where sites and services and upgrading projects fell to only 15 percent of the total shelter portfolio as projects were not seen to be meeting the urban need for housing. The World Bank policy shift towards increasing support through municipal development and housing finance also led to the decline

However:

- Recent research is resulting in a growing appreciation that the assessment of sites and services as unsuccessful was made too early or used narrowly defined metrics
- Many governments have since recognized housing as a human right, prompting a keen focus on housing provision for the poor
- Growing recognition that this approach can aid guided urban development

IEG evaluation on the World Bank's support to the management of urban spatial growth "*Managing Urban Spatial Growth (2021)*" recommended intensifying the deployment of preventative urban upgrading such as sites and services

Global challenges facing the housing sector



Demand

1 billion people live in people live in the slums today – a figure which is expected to double by 2030

100k housing units per day required through 2030 to meet the demand

Affordability

74% of people in low-income countries live on less than \$2 per day

1.6 billion people will struggle to secure adequate housing by 2025, a third of urban residents

Supply

70% of land in emerging economies is unregistered (tenure insecure)

159 days to obtain a construction permit for non-OECD countries vs. 76 days for OECD countries

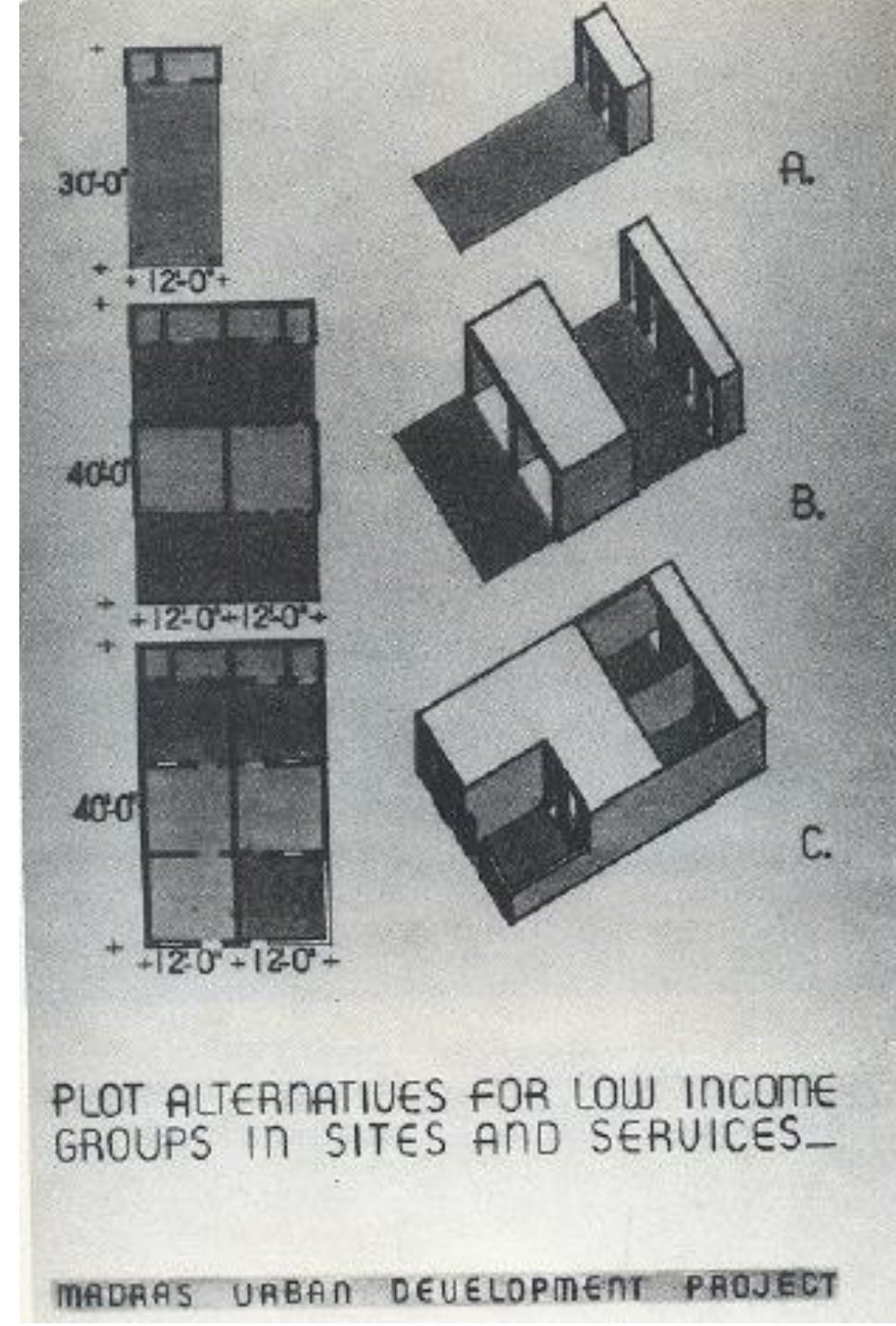


Findings from the 1st Generation of Sites and Services

FINDINGS AND LESSONS LEARNT

Findings on spatial considerations and standards

- Sites were located far outside of the urban core
- In some countries, sites were not considered as part of a larger urban plan, although there are some examples where it was
- The lowering of planning, infrastructure and building standards proposed under the sites and services was highly contested by municipal governments and beneficiaries
- Appropriate standards were implemented across almost all the projects because high building standards translated to huge development costs
- Use of lower standards seen as a success factor as it reduced costs, e.g., smaller plot sizes



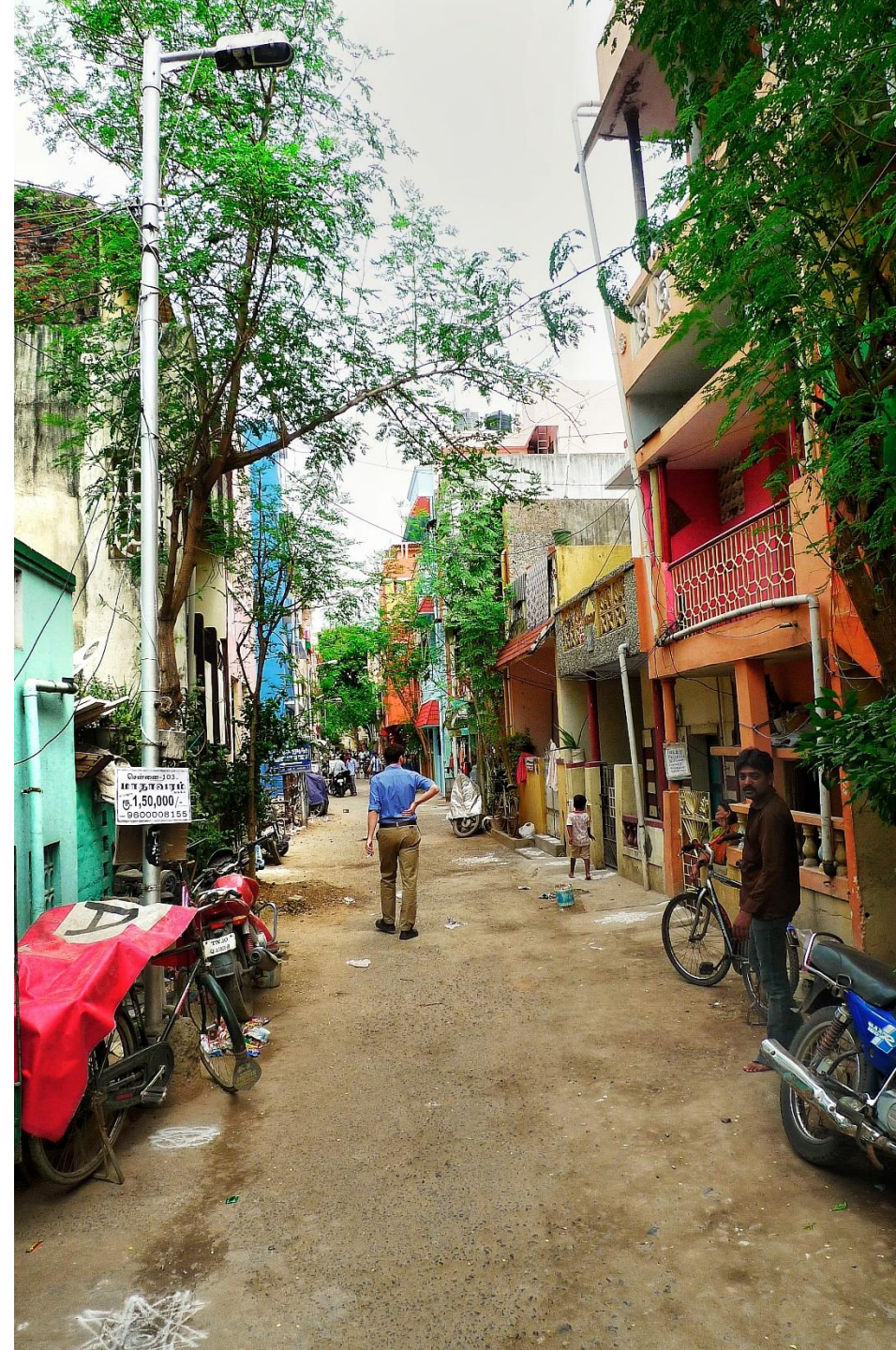
Targeting and affordability

- Projects targeted low-income households; some projects included middle- and higher-income groups
- Eligibility criteria were mainly based on household incomes.
- Determining the beneficiaries' true ability to pay was difficult in the context of informal and non-traditional sources of income.
- Most projects were affordable and accessible to the target populations
- Leakage of benefits to higher income groups was also prevalent.
- Beneficiary preferences largely assumed and some of the target beneficiaries did not get their needs met.



Financing of the sites and services

- Governments borrowed from IFIs for all aspects of this intervention; few other sources of financing
- Private sector participation mostly as building contractors
- Relied on cost recovery model and subsidies to maintain sustainability
- Beneficiaries expected to self-build in addition to paying for costs of land and servicing the land
- Objective was to recover costs to replicate project in additional sites;
- Lack of affordability encouraged leakage to higher income groups



End-user Measures to Finance Housing Consolidation and for Income Generation

- Allottees were provided with a construction loan to buy building materials
- No other financing mechanism was easily available to allottees
- The key element to enable housing consolidation; where no loan was available, consolidation was slower
- Rental in urban areas a key source of income in urban contexts; where this was not allowed, this was done by the allottees
- Later projects allowed construction of extra units for rental
- Provisions for artisans was limited and different outcomes where they were provided.



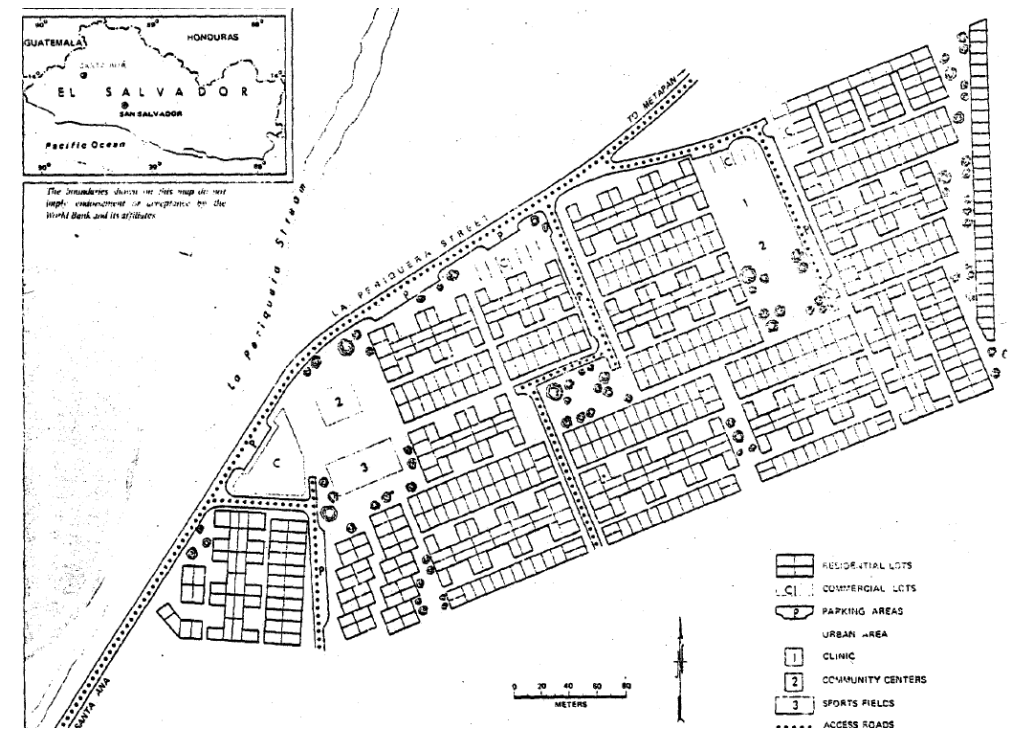
Community and Government Engagement

- Community engagement was presumed through the mutual help model
- Community not incorporated formally in the implementation of the projects beyond this
- Cost-benefit from allottees' side: opted to hire skilled laborers to construct their houses for them
- In many projects, a new agency was established that could operate outside the lengthy bureaucratic government processes. Also, housing agencies were not common
- Evidence that engaging with already established institutions worked better



Land as a key input in sites and services: a potentially frustrating input?

- Increase in urban land values. How can this increase be mitigated?
- Diminishing unoccupied public or government land in most cities. Schemes were mainly on public land or private land acquired by the state.
- Vibrant informal markets. Informality complicates the picture even more



Immediate occupancy of sites: the right indicator of success?

- Expectation was that relocation to and build out of the sites would be relatively immediate; at project closure, almost none of the projects had sites that were significantly built out.
- Trade-offs were being considered by allottees, especially as it relates to distance to jobs. Where this trade-off was low, occupancy was higher and build out faster
- Later assessments show that the sites did get fully occupied eventually



Conclusion

- Sites and services a good opportunity to advance the agenda of affordable housing, e.g. sustainable solutions to service provision: solar, sanitation, solid waste
- May not work for every country/context
- The extent to which it can work in higher density/multi-story contexts is a consideration
- Programmatic approach may make more sense than project approach
- Climate change considerations to take into account mitigation and adaptation measures

