



Sites and Services Project | Peru

- **Population: 14.1 million people (1972)**
- **50 % of population living in urban areas**
- **Significant migration to urban areas (5.1% of urban growth a year)**
- **35% of population in urban areas classified as urban poor**
- **Most of them living in slums called *pueblos jóvenes* (young settlements), located in the outskirts of the main cities**
- **13.7% of annual expected increase in *pueblos jóvenes* population**
- **People in pueblos juvenes lack property titles, drinking water, sewerage and electricity**

1963

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1965

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The Solution:

Sites and Services Project

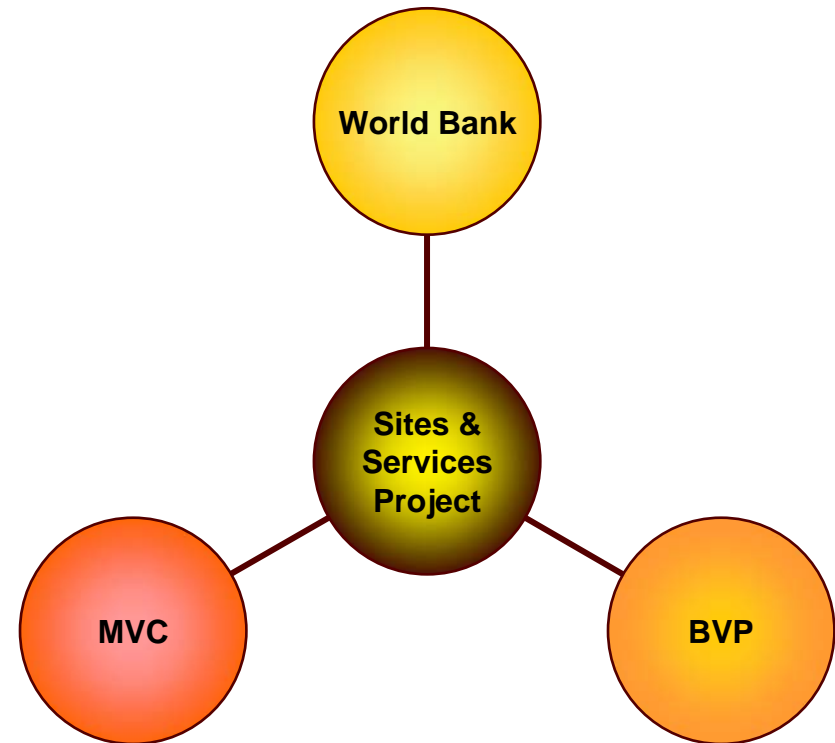


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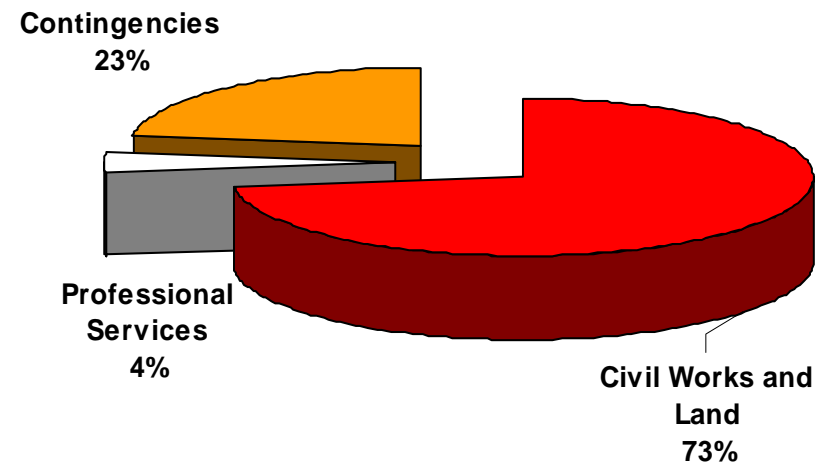
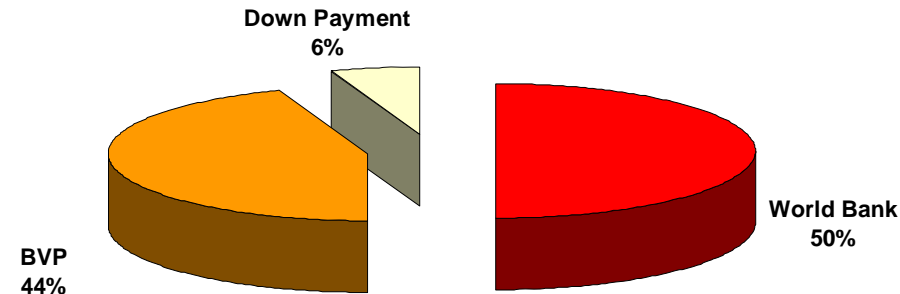
- **Establishment of an institutional capability for the delivery of basic services to the urban poor**
- **Generation of employment opportunities for low-income workers**
- **Improvement of the productive capacity of a growing segment of residents in *pueblos jóvenes***

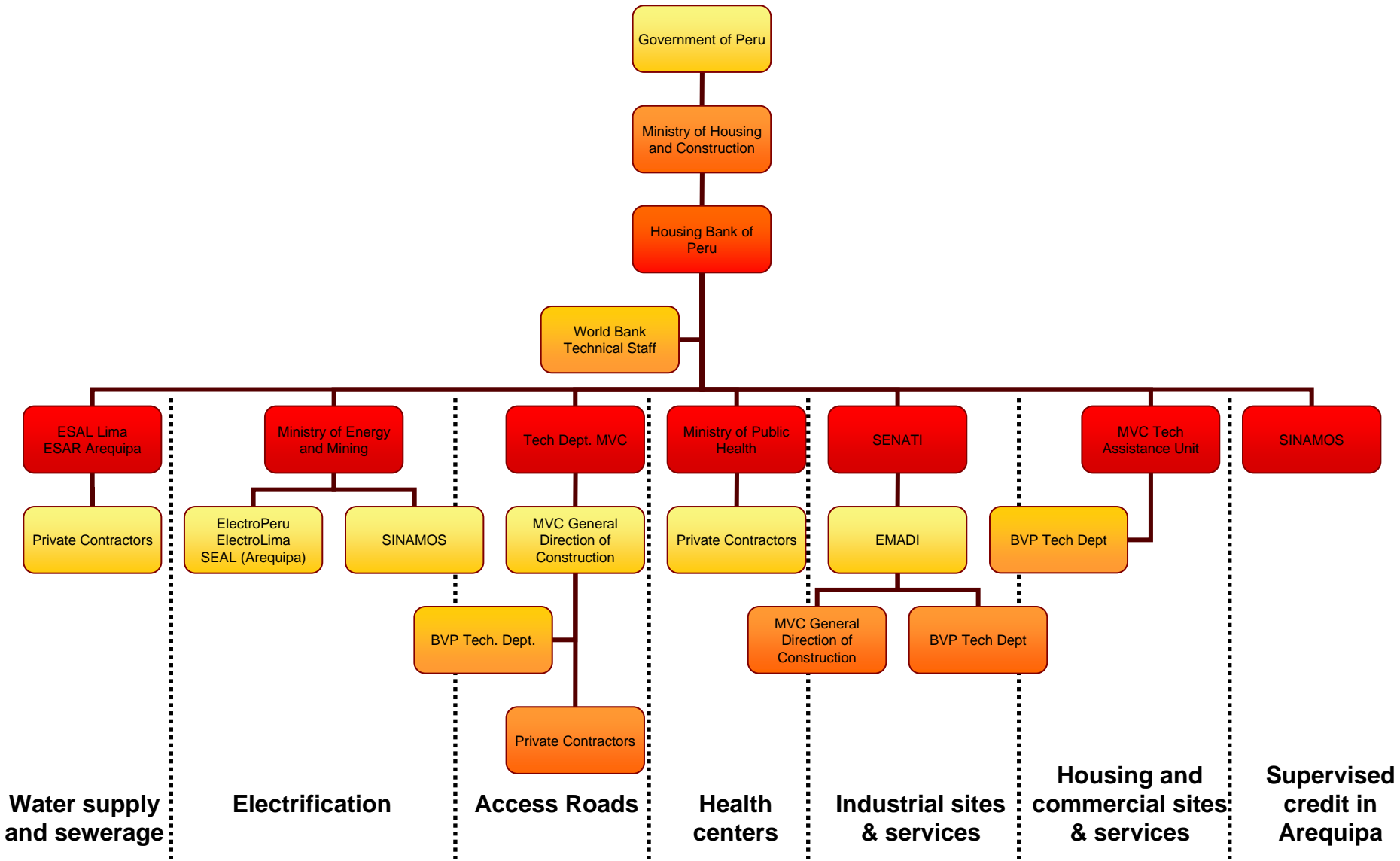
1. **Water and sewerage for *pueblos jóvenes* in Lima and Arequipa providing about 7,200 household connections**
2. **Electrification of 16,300 households in *pueblos jóvenes* in Lima and Arequipa**
3. **Access roads of 86.1 km to connect *pueblos jóvenes* to main roads and upgrade existing roads in those settlements**
4. **Health and nutrition centers in *pueblos jóvenes* in Lima**
5. **Industrial sites and services in Lima and Arequipa**
6. **Housing and commercial sites and services in Lima**
7. **Supervised credit in Arequipa**
8. **Technical assistance**

1. **World Bank: Financing, evaluation and technical assistance during implementation**
2. **Ministry of Housing and Construction (MVC): Formulation of policy, preparation of urban plans, coordination of public and private housing investments, govt. Investments in general construction, water, sewerage, and infrastructure**
3. **Housing Bank of Peru (BVP): Financing, executing agency of the project through its Technical Department**

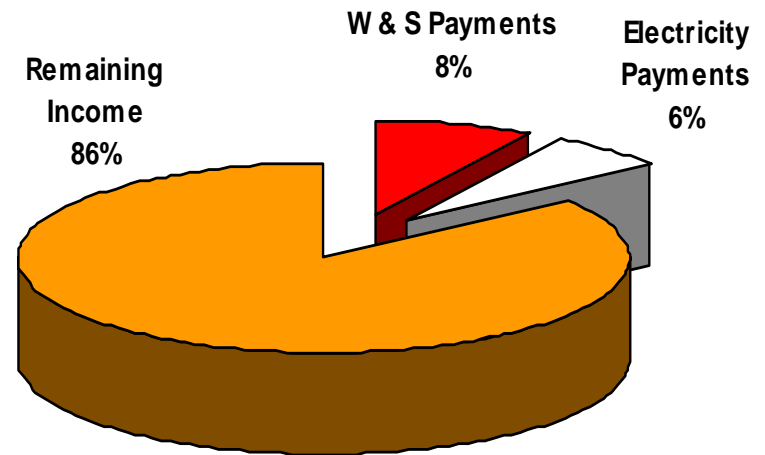


- Total cost: US\$ 43.2 million
- World Bank loan: US\$ 21.6 million (50% of total cost)
- US\$ 19.1 provided by Banco de la Vivienda del Perú
- US\$ 2.5 million of down payments from project beneficiaries
- 65% of recovery of costs comes from charges and sales to final users
- Expected rate of return of quantifiable elements: 30%





- **Loan terms are for 20 years with a 10% downpayment and an interest rate of 12% on the unpaid balance**
- **ESAL and ESAR (W & S public companies) collect on behalf of BVP monthly payments from households which reflect both costs of construction and costs of water consumed**




















Per capita income 1973

Peru: US\$ 87

Lima: US\$ 117

Pueblos Jóvenes: US\$ 78

LEVELS OF PARTICIPATION	STAGES OF PROJECTS AND PROGRAMS				
	INITIATE	PLAN	DESIGN	IMPLEMENT	MAINTAIN
NONE 					
INDIRECT  			 		 
CONSULTATIVE  				 	
SHARED CONTROL  					
FULL CONTROL  					



- **Improvement in the quality of life**
- **Reduction of water-related and vector-borne diseases**
- **Consolidated neighborhoods after 30 years: upgraded houses and public spaces**
- **Sites & Services projects offer the opportunity to regularize urban fabric**
- **More facilities in the neighborhoods (schools, hospitals, community centers, etc.)**



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- **Reactive model, that consolidates informality as a way to obtain housing**
- **Not all the households improve their houses**
- **Top-down process. The community did not participate in the decision-making process**
- **Low rate of cost recovery**
- **Creation of an informal market of housing, often related to corruption networks**



- **Match infrastructure projects with regularization of land tenure**
- **Formulation of proactive land policies oriented to the lowest income families**
- **Design projects as simple as possible**
- **Create a clear institutional organization**
- **Promote community participation in the early stages of the project**