

Rwandan Housing Assistance: Jiu Jitsu not Sumo Wrestling.

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Housing Assistance Instruments

- Upgrading and Sites and Services are complementary instruments;
- When cities are growing rapidly need to accommodate growth in ways that minimize adverse effects of growth;
- But, when there is a large informal sector, particularly of low-rise buildings, need to balance growth with upgrading;
- Many ways to provide Upgrading, success determined by some aspects of the broader policy context.

The Broader Context Affecting Upgrading

- Upgrading's success is determined by four broader issues:
 - Spatial Issues – where to target assistance;
 - Financial Issues – how to mobilize resources;
 - Tenure Concerns – why assist; and
 - Fiscal Issues – who to assist.

Spatial Issues -- Where

- Across Cities – Kigali should be main target
 - Gov. of Rwanda and World Bank study shows that for equity, productivity and demand-responsiveness most assistance should go to Kigali;
- Within Cities – density and transport
- -- same study shows that connectivity declines sharply 4 kms for city center. Thus, need to density inner city and improve connectivity beyond it. At the same time, no rules at outskirts creates chaos.

Financial Issues -- How

- Housing finance, as Paul Collier suggests, could be used to finance both upgrading and sites and services – major catalyst. Housing Fund very important for affordability;
 - Strong Loan recovery will tell whether this innovation can simultaneously make potential major contribution to economy through improved financial sector – reducing banking margins.

Tenure Concerns -- Why

- Ownership matters because it determines who is prime beneficiary of assistance owners or occupants – e.g., flooring subsidies;
- Rental housing is less expensive and high rental rate reflects that, so too does sharing toilets. Sharing is a way to “rent” a toilet cheaply;
- Sanitation and flooring are two major generators of adverse health effects. Targeting them has high benefits and lower per unit costs.

Fiscal Issues -- Who

- Making housing more affordable is a primary reason to subsidize housing because movement to high productivity cities can both enhance economic growth as well as contribute to more inclusive cities; and
- Urban Planning Policies can be like effective taxes which make it impossible to provide either upgrading or sites and services effectively. Revisions in Master Plan can play an extremely important role in improving context.

Conclusion

- The Urbanization process is a highly disruptive one, involving migrations, job changes, and different ways of living;
- At the same time, it is almost impossible to stop, and very risky to try to redirect;
 - But, it is also an essential step to achieve middle-income status;
- Because the process is inexorable, spontaneous, and of such large-scale government's role must be nimble and targeted rather than rigid and uniform;
- Upgrading and incremental improvement can be a very important part of that nimbleness.

Murakoze