

Mr. David Gordon

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Senegal - Site and Services Project

This is a summary analysis, with a few quick comments, of the green cover report and of the Memo to the Loan Committee on the above project.

1. The present urbanization policy in Dakar focuses on beautification. Aesthetic standards for HLM (moderate cost housing) are too high and a small number of households could afford to pay for HLMs if they were not subsidized. Even with subsidization, they fit only the higher income households. Most of the 6% yearly increase in the population of Dakar finds housing in illegal shanty towns. Eradication of the most centrally located squatter settlements and relocation in the suburbs of those of the settlers who are home owners has a negative effect on the overall housing problem. The present program is financed by a levy on all salaries (as in France). As a result, it subsidizes the wealthier by taxing the poorer. In Senegal there is neither a Government's national investment plan nor detailed proposals for total investments in housing.

2. The proposed project would be 1) an experimentation of an efficient attack of the housing problem 2) a first phase in institution building 3) a first attempt to influence Government policies. On this third point, it seems there is a strong resistance on the part of the Government to modify its present plans outside the project.

3. The project:

Total cost: \$13.3 million inc. \$2.9 million in duties and taxes.

IDA credit: \$8.3 million (92% of foreign exchange + 60% of local cost)

For: land, land preparation, low-cost public facilities, school and health centers, various facilities including for small-scale industries, extension of primary infrastructure and technical assistance.

Will provide 14,000 lots in Dakar and 1,600 lots in Thies (second largest Senegalese town), for an estimated occupancy of

10 people per lot. (Present population: 600,000 in Dakar, 100,000 in Thies). Construction to be made by the owner, with technical assistance available.

Average cost of plots: \$290 for lots relying on public water fountains and pit privies; \$900 for lots with private water connections and septic tanks (figures from consultant's estimate; reason for high cost difference will be investigated). To be repaid by owners over 15 years, at 7% interest rates. To be compared with the average cost of housing units built by OHIM (Office des habitations a loyer modere) since 1960: \$5,100. Owners will also pay for the cost of water, which is free elsewhere. Payments for amortization will be credited to a revolving fund for new investments.

Will be available for Senegales in the middle range of incomes from \$57 to \$115 monthly. Minimum income of \$100 monthly for lots with private water connections.

Considerable emphasis given to community organization including organization of quartier units for decision making and managerial tasks, and establishment of saving and credit associations, for collecting monthly payments and extending credit.

4. Main comments:

1. Very ambitious and very interesting.
- ii. The present system seems to be copied on the French one, and is even less adequate than in France. Relies on Governmental programs which subsidize construction without sufficient regard to demand. Totally inadequate for meeting the need of the poor. No wonder that strong resistance is met in reversing present policies, which are convenient to many influential people.
- iii. The Bank program seems much better than anything available in the past. However, it cares only to the needs of the medium income households (monthly revenues from \$57 to \$115, i.e. yearly revenues from \$684 to \$1,740), does not meet the needs of the majority of people flowing from country to town. Probably more should be done to try to keep them from coming. If the present trend continues, one may doubt that illegal settlement would be curbed.

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- iv. Institution building seems a formidable task. For instance the report mentions that OHLM (office for moderate cost housing) presently has a staff of 10 expatriates and 120 Senegales, most of them inexperienced, and only one-fifth of whom have had formal professional training. Also coordination between the many different administrations involved will be difficult.
- v. The good functioning of the Savings and Loan Associations to be created will be essential. Little on these institutions is said in the report. Annex 6 on technical assistance mentions (page 2) that the project will finance an expert in saving and credit mechanism "to lead the community development staff in formulating a program for establishing savings and credit associations in the project areas" ...to be appointed early. Credit associations should be set up at the time of first occupancies, which are expected immediately after infrastructure work for the first phase is completed, by late 1973. (The credit disbursement is scheduled between 1974 and 1978). The work of the expert should be followed closely by the Bank Group, to make sure that the credit associations will be able to work properly.

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