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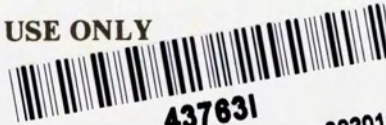
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Report 4768 - October 31, 1983

Report No. 4768

PROJECT COMPLETION REPORT

SENEGAL

SITES AND SERVICES PROJECT
(Credit 336-SE)

October 31, 1983

Western Africa Region
Urban Projects

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SENEGAL

SITES AND SERVICES PROJECT

(Credit 336-SE)

Principal Abbreviations and Acronyms

OHLM	-	Office des Habitations à Loyer Modéré
CCCE	-	Caisse Centrale pour la Coopération Economique
BNDS	-	Banque Nationale de Développement du Sénégal
SICAP	-	Société Immobilière du Cap Vert
DPH	-	Direction de la Promotion Humaine
DUH	-	Direction de l'Urbanisme et de l'Habitat
SAC	-	Section d'Assistance aux Communautés
DPA	-	Direction des Parcelles Assainies
IDRC	-	International Development Research Center
GOS	-	Government of Senegal
BHS	-	Banque de l'Habitat du Sénégal

SENEGALSITES AND SERVICES PROJECT (CREDIT 336-SE)PROJECT COMPLETION REPORTTABLE OF CONTENTSPage No.

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Project Completion Report
SENEGAL SITES AND SERVICES PROJECT
(Credit 336-SE)

PREFACE

Credit 336-SE for the Senegal Sites and Services Project for \$8 million equivalent was signed on September 29, 1972 and was made effective on August 31, 1973. The Closing Date was extended several times and ultimately set at December 31, 1981. The Credit was fully disbursed except for a cancellation of US\$450.000.

This report consists of a Project Completion Report (PCR) prepared by the Western Africa Region Urban Projects Department. The PCR was prepared on the basis of the Government's Project Report on the Sites and Services Project, on information contained in the Project Appraisal Report, several reports produced by the Bureau d'Evaluation, a review of Bank files including supervision and progress reports, and interviews and discussion with Senegalese officials and Bank staff.

In accordance with the revised procedures for project performance audit reporting, this Project Completion Report was read by the Operations Evaluation Department but the project was not audited by OED staff. The draft Project Completion Report was sent to the Borrower. The reply is reproduced as Attachment.

SENEGAL

SITES AND SERVICES PROJECT

(Credit 336-SE)

Project Completion Report Basic Data Sheet

KEY PROJECT DATA

Item	Appraisal Expectation	Actual or Current Estimate
Total Project Cost (US\$ million)	12.9	14.2 <u>a/</u>
Underrun or Overrun (%)		10% <u>b/</u>
Loan/Credit Amount (US\$ million)	8.0	8.0
Disbursed	-	7.55
Cancelled	-	.45 <u>c/</u>
Repaid to IBRD (US\$ million)	-	- <u>d/</u>
Economic Rate of Return (%)	18	19

a/ As of 06/30/82. Converted at average rate of US\$1 = CFAF 232.1.

b/ The project was scaled down from 400 ha to 300 ha in Dakar and from 60 ha to 40 ha in Thiès. The original number of community facilities was reduced in Dakar and all community facilities were eliminated in Thiès. The upgrading component was also eliminated. There is over a 100% increase in per ha costs of the reduced project .

c/ As of 06/30/82.

d/ Repayment begins 10/82.

OTHER PROJECT DATA

Item	Original Plan	Revisions	Actual
First Mention in Files	-	-	June 1969
Government's Application			September 1970
Negotiations	May 22-26/1972		May 22-June 2/1972
Board Approval	-	-	June 22, 1972
Credit Agreement Date	Sept. 29, 1972		Sept. 29, 1972
Effectiveness Date	March 01, 1972		Aug. 31, 1973
Closing Date	June 30, 1979	Dec. 31, 1980 June 30, 1981	Dec. 31, 1981
Borrower	: The Government of the Republic of Senegal		
Executing Agency	: OHLM/DPA		OHLM/DPA
Fiscal Year of Borrower	: July 1 - June 30		

SENEGAL

SITES AND SERVICES PROJECT

(Credit 336-SE)

Mission Data

Mission	Month Year	No. Weeks	No. Persons	Staff Weeks	Date of Report
Identification	09/70	1	2	2	10/21/70
Preparation I	03/71	3	2	6	03/25/81
Preparation II	08/71	2	3	6	08/20/71
Preparation III	09/71	2	2	4	11/22/71
Appraisal	12/71	3	6	18	12/28/71
Pre-Negotiations	05/72	<u>1</u>	2	<u>2</u>	05/12/72
TOTAL		12		38	
Supervision 1	07/72	1	3	3	07/12/72
Supervision 2	10/72	1	3	3	11/09/72
Supervision 3	12/72	2	2	4	01/05/73
Supervision 4	05/73	1	1	1	06/21/73
Supervision 5	08/73	2	1	2	10/08/73
Supervision 6	09/73	1	1	1	10/01/73
Supervision 7	03/74	2	2	4	04/24/74
Supervision 8	10/74	1	2	2	11/11/74
Supervision 9	01/75	2	1	2	03/18/75
Supervision 10	05/75	2	7	14	06/06/75
Supervision 11	07/75	1	3	3	08/01/75
Supervision 12	10/75	1	3	3	11/19/75
Supervision 13	02/76	1	2	2	03/29/76
Supervision 14	05/76	1	1	1	06/02/76
Supervision 15	10/76	1	3	3	11/09/76
Supervision 16	02/77	1	3	3	03/16/77
Supervision 17	07/77	2	1	2	09/06/77
Supervision 18	09/77	1	2	2	01/13/78
Supervision 19	05/78	1	4	4	06/26/78
Supervision 20	09/78	1	4	4	10/25/78
Supervision 21	02/79	1	2	2	03/22/79
Supervision 22	05/79	1	4	4	07/12/79
Supervision 23	01/80	1	4	4	02/05/80
Supervision 24	05/80	1	1	1	08/15/80
Supervision 25	07/80	2	4	8	07/14/80
Supervision 26	11/80	2	2	4	12/15/80
Supervision 27	02/81	2	2		
				4	03/13/81
Supervision 28	05/81	2	2	4	06/05/81
Supervision 29	11/82	2	3	6	02/02/82
Supervision 30	03/82	<u>2</u>	4	<u>8</u>	06/30/82
TOTAL		42		108	

SENEGAL

SITES AND SERVICES PROJECT

(Credit 336-SE)

Country Exchange Rate

Name of Currency = CFA Franc (CFAF)

<u>Year:</u>	<u>Exchange Rate</u>
Appraisal Year Average (1972)	US\$1 = 255.8
1972-1973	242.50
1973-1974	241.75
1974-1975	208.00
1975-1976	220.50
1976-1977	249.00
1977-1978	236.75
1978-1979	218.14
1979-1980	212.22
1980-1981	225.50
1981-1982	297.50

Intervening Year Average US\$1 = 232.1

HIGHLIGHTS

1. This Project Completion Report reviews the performance of the Bank's first urban project according to the following criteria:

- (a) Policy: How fully did the project meet its policy objectives of (i) demonstrating the viability of the sites and services and upgrading approach and (ii) mobilizing private savings for house construction? Did the project contribute to a change in shelter policy as a result?
- (b) Provision of Basic Services: Were affordable, acceptable services delivered to the population as intended?
- (c) Institutions: Did the project succeed in creating a capacity to plan and execute sites and services projects over the longer term?
- (d) The Role of IDA: What has been the effect of IDA investment on the mobilization of public and private funds? and
- (e) Economic Justification: From an economic point of view, was the project justified in retrospect?

2. The experience of the Senegal Sites and Services Project is one of innovation and experiment. When the project was designed in 1970-71, Governments of developing countries were just beginning to recognize the impact of rapid urbanization. Projections suggested that the accelerating pace of urban growth was likely to continue, and that by the year 2000, would dramatically transform even the most rural of countries.

3. Throughout the 1960's, Governments did little to prepare for the pressures of this urbanization which had begun to strain services, institutions, and financial resources. While urban policies were sweeping in their intentions, urban practice was, in contrast, quite limited. The projects which were financed were mostly expensive and heavily subsidized public housing schemes, reaching only a minority of the population. In contrast, the phenomenon of rural migration, which was bringing increasing waves of predominantly poor people to the cities, was largely ignored.

4. Senegal in the 1960's was already one of the most urbanized countries in Africa, with 23% of its residents living in urban areas. The drought of 1968-74 had a marked effect on the country's predominantly agricultural economy, driving down rural incomes and accelerating rural-urban migration. The overall annual urban growth rate went from 3.4% in 1960 to 4% by 1975. Dakar increased its rate to about 6% per annum, well over double that of the country as a whole.

5. At the same time, Government sought major investments for the modernization of Dakar. During 1965-1969, as a part of this policy, Government provided about 120 ha of free sites and minimal services on the outskirts of Dakar for low income households who were forced to relocate from the city center to make way for new commercial and high income housing development. This program, which was to be significantly expanded during the 1969-73 Plan period, attracted the attention of the Bank.

6. It was at this time that the Bank began receiving requests for assistance in the development of efficient and equitable solutions to the provision of urban services and the management of urban growth. Given the scarcity of public funds, agricultural development priorities, and the mushrooming urban sector, the Bank was especially interested in solutions which provided low cost, affordable and acceptable services to the urban poor. With the Bank's urban lending strategy just being defined, conditions in Senegal seemed to suggest that the environment was appropriate for a demonstration project.

7. The Bank agreed to support the Senegal effort and identified a project which was appraised in 1971. It included the following components:

- (1) 400 ha of sites and services including community facilities in the capital of Dakar, providing 14,000 plots for 140,000 people and 60 ha of serviced sites in the secondary center of Thiès, providing 1,200 plots for 12,000 people;
- (2) technical assistance to assist in planning for urban growth over the longer term, in preparing detailed design, and in project execution; and
- (3) a study to determine criteria for upgrading of squatter neighborhoods and funds for a pilot upgrading scheme.

The objectives of this project were to: (a) demonstrate an affordable and acceptable alternative to conventional housing solutions, (b) mobilize private savings for the production of shelter and (c) develop an institutional capacity to plan and develop similar projects for other urban areas. Project costs at appraisal were about US\$12.9 million of which US\$8 million was financed by an IDA Credit. The Project was to be executed over a 5 year period by the Direction des Parcelles Assainies (DPA) to be newly created under the project within the Office des Habitations à Loyer Modéré (OHLM), the middle-income public housing agency. Approximately 100 ha were to be developed and settled each year after start-up.

8. Inadequate project preparation contributed to a difficult implementation. This was due primarily to the novelty of the approach and Bank inexperience in the sector. There were serious misunderstandings and misperceptions about project objectives and disagreements over design standards (paras. 3.18 & 4.11).

Fundamentally, the Government's prime focus was on the provision of subsidized middle income housing, while the Bank aimed to address the majority of the urban population which was overwhelmingly poor and had little or no access to adequate shelter and basic services. The Bank erred in not recognizing more clearly the extent of difference in views (para. 3.17).

9. Inadequate project preparation was dramatically translated by the steady backsliding on design standards. Because design standards were not pinned down at appraisal, agreements were fragile at best. Throughout the decade of the 1970's while real incomes were declining, Government hardly budged on the standards issue, and indeed, imposed unrealistic expectations concerning housing standards on project beneficiaries. Even when it was demonstrated that funds were scarce and standards excessive, Government held to its position and frequently pressed for changes upward.

10. These factors, combined with a shortage of counterpart funds caused by the economic stagnation of the 1970's, an overly large demonstration project, and an inordinately cumbersome bureaucracy repeatedly frustrated project execution. While projects in Senegal generally average a 2-3 year delay in implementation, the Sites and Services Project is four years behind schedule and house construction is not yet completed. Many mid-course revisions to project design aimed to correct errors and oversights and improve implementation. The project was reduced from 400 ha to 300 ha in Dakar and from 60 ha to 40 ha in Thiès. The number of community facilities was reduced in Dakar and construction of community facilities was postponed in Thiès. The pilot upgrading scheme was eliminated and it was agreed to concentrate on completion of civil works on the Dakar site by December 31, 1981, the third and final Closing Date. However, even with these modifications, the major disagreements over design standards and ensuing delays contributed to over a 100% increase in per ha costs of the reduced project (para. 6.02).

11. The rate of house construction and occupancy fell far short of appraisal estimates for four main reasons. Firstly, the estimated occupancy and consolidation pace was extremely optimistic. Secondly, there was a delay in completing physical works which delayed availability of water for house construction. The third reason was the lack of finance for house construction which was not included in the appraised project. A fourth reason was the unrealistic expectations of the beneficiaries concerning the type of houses they would build. In 1977, the DPA developed a construction loan program, using downpayments and monthly payments on plot purchases to encourage house construction. As of December 31, 1981, this program had provided over 2,500 loans. Over 4,500 houses were under construction on 10,500 plots in Dakar; 2,000 houses were occupied and over 20,000 people were in residence. About 500 housing starts are undertaken each quarter and it is expected that the Dakar site will be fully occupied by 1986. To further accelerate construction and occupancy, Government lent US\$2.5 million to OHLM under the Structural Adjustment Loan (SAL) of 1981. When this loan is fully disbursed, it will provide an additional 1,400 construction loans, bringing the total number of loans for house construction to 3,900. The remaining 8,320 beneficiaries (68%) are financing construction out of their own savings, demonstrating that the project has been successful in mobilizing private resources for house construction.

12. The many difficulties and delays led to a proposal to cancel the project in 1976. The decision to continue was taken with considerable reluctance, and indeed, today is a subject of intense discussion. In terms of its regional implications, the decision appears sound. It was the Bank's first project in the urban sector and the first in the Western Africa Region. Several countries in the Region contemplating similar investments have studied and borrowed from the Dakar experience. Overall, the experience of Bank-assisted urban projects shows that the original aims in Senegal were overly ambitious and required major reforms in policy and practice which could not be realistically achieved in the space of one operation. Nevertheless, measurable gains have been made in meeting overall project objectives (para. 8.06).

13. Concerning policy objectives, the results are mixed. Inroads have been made in demonstrating that the provision of serviced sites is an acceptable and affordable solution. The Dakar population has responded favorably, filing over 40,000 requests for plots and continuing to pressure for new projects. Mayors and Governors from cities and regions outside the capital have also requested sites and services programs, and similar projects are being prepared for bilateral funding. However, there is yet to be full acceptance of this policy or its implications by the central ministry and other involved agencies. Although standards for this project are lower than conventional housing schemes, Government continues to advocate unrealistically high standards in isolation of affordability considerations for shelter. Concerning the policy of upgrading, no gains were made in demonstrating it as an alternative to slum removal. This issue is today as politically sensitive as it was in the early 1970's.

14. In the main, the project has contributed to a continuing policy dialogue and a shift towards policy reform. The longer than anticipated implementation period has permitted a continued Bank presence in the sector during a period of broad ranging discussions on macroeconomic issues. These circumstances have facilitated frequent discussions with Government officials on this project as well as other issues facing the sector. One important result is a Bank role in the preparation of a contrat-plan for OHLM, an agreement between Government and OHLM which aims to define its policy objectives, and its operations in relation to financial and institutional possibilities and macroeconomic development priorities (paras. 5.11 - 5.13).

15. As for the provision of affordable services, the project has delivered over 12,000 plots to a population whose access to services was previously limited. While standards are lower in this project than in OHLM's conventional schemes, they could be lower, and must be lowered if these projects are to be replicable. At appraisal, it was estimated that families between the 47th and 85th percentiles would qualify for plots. Selection criteria were modified to enable more (1) lower income families, (2) women and (3) informal sector households to participate. Actual beneficiaries fall between the 20th and 65th percentiles on the 1980 Dakar income distribution curve with the income ceiling at CFAF 55,000. The delays, the decline in real income over the period, and the push towards higher standards have cut into the private savings of those at the lower end of the income range, making it more difficult for these households to build a house. Cost recovery on plot charges is generally good compared to other projects,

with a 22% default rate, but is poor (88%) on the construction loan program which was started in 1978 and which required additional procedures for eligibility and disbursement. It has been demonstrated that the level of recovery is not related to willingness or ability to pay but to cumbersome procedures and an inadequate institutional framework, a lack of political will to collect, and effective sanctions (para. 6.19).

16. Concerning institutional development, the establishment of a growing capacity to implement and deliver sites and services projects has been most encouraging, despite the many difficulties and recognized weaknesses in some sections of the DPA. The DPA has developed new procedures to advertise the project, interview and select beneficiaries and recover plot charges. It has organized and supervised a construction loan program and mobilized beneficiaries into effective action groups for settlement. Most importantly, it has delivered over 12,000 serviced plots between 1976-1981 while its parent agency produced just over 2,000 houses for the middle and higher income groups during the same period. It is currently preparing a sites and services project with German assistance for 3,000 households in the secondary town of Kaolack. The team has had far less turnover in staff than either OHLM or its parent ministry, a continuity which should enhance the development of similar projects in the future, provided a suitable policy framework is in place (paras. 5.07 - 5.10).

17. In contrast to institutional achievements at the project unit level, there have been few gains within the central ministry. Apart from disagreements over design standards, the Directorate of Urbanism in the Ministry of Urban Development contributed little towards project execution. The failure of the Ministry to take a more active role contributed to the isolation of the DPA and reinforced the widely held view that the DPA was "extra-governmental" and had little, if any support. There were also no gains made in creating a capacity to plan for the longer term management of urban growth in the central ministry, although there is probably a greater appreciation of the issues involved than there was at the beginning of the decade (paras. 5.02 & 5.03).

18. IDA participation in the Senegal project has been instrumental in mobilizing other resources to complement and augment its own participation. In 1980-81, the Caisse Centrale assisted Government in funding its counterpart obligations. In addition to the above-mentioned assistance provided by the German Government, other bilateral agencies have expressed interest in financing similar projects in other regions. By 1986, when the project is completed, each IDA dollar invested in the project will have generated about US\$1.80 of public funds. In addition and of greater interest is that each \$ will generate about US\$8.20 in private investment. The latter figure underscores the viability of sites and services as an alternative to conventional public shelter programs (involving 100% government finance) and answers some of the criticisms concerning its acceptability by the Senegalese population.

19. From an economic point of view, was the project justified in retrospect? The ex-post evaluation supports the view that this project was a sound investment, showing a recalculated rate of return of 19%. From a practical point of view, the learning by doing experience which typifies this project has had significant

payoffs despite the many difficulties. The Government of Senegal has stated that this project is a success, a viewpoint which leaves the door open to a better dialogue in the future. For the World Bank, this project has made a valuable contribution to a better understanding of the design process and has provided important feedback on implementation. Having renewed the commitment to execute this project in 1976, it is essential now to consolidate the gains and strengthen the policy framework. Continuing discussions on the sector, on preparation of the contrat-plan and on preparation of subsequent operations should be the vehicles for achieving these objectives (paras. 7.01 & 7.06).

I. INTRODUCTION

A. Preface

1.01 The experience of the Senegal Sites and Services Project is one of innovation and experiment. The approach embodied in this first Bank financed project in the urban sector marked a radical departure from other urban projects financed in the developing world during the 1960's. These projects focussed on the construction of high cost subsidized houses for a minority of the population. In marked contrast, the Senegal project aimed to provide basic, affordable services to the predominantly lower income families moving to the cities in accelerating numbers.

1.02 When the project was designed in 1970-71, few Governments had looked beyond the early warning signs of urban sprawl to the longer run implications of mushrooming urbanization. Fewer still acknowledged the financial burden posed by the generous subsidies accorded to the urban sector in economies overwhelmingly dependent on increased agricultural production. Development policies of the Government of Senegal seemed to suggest that conditions were ripe for change and that Senegal was an appropriate country for a first Bank urban intervention.

B. Project Completion Report Evaluation Criteria

1.03 Although this project is officially closed, it is not yet complete. Some civil works, house construction, and occupancy are still in progress. This Report is therefore only an interim evaluation. Although the project was intended to be a demonstration effort, it was in reality an ambitious experiment to create a new town of 140,000 residents. Providing services, shelter and settling the new residents have proven to be much more difficult and to take considerably longer than originally expected. Neither the Government nor the Bank foresaw the range of problems which were encountered during implementation, essentially because neither had any experience in implementing sites and services projects.

1.04 The project was officially closed on December 31, 1981 and disbursements continued until March 31, 1982. As of the latter date, over 90% of the civil works had been completed and all of the plots had been distributed on the Dakar site. Over 20,000 people were in residence on 2,000 plots and over 4,500 plots were under construction. In the secondary center of Thiès, about 84% of the civil works are completed. The outstanding civil works and community facilities which were not completed under the Credit will be completed and financed by Government. The required funding has been advanced to the project.

1.05 The length of implementation has been a subject of considerable discussion inside the Bank. While projects in Senegal generally average 2-3 years delay, this project is 4 years behind the original implementation schedule. The costs and benefits of our 1976 decision to continue our association in the face of seemingly insoluble difficulties have been argued for many years. This PCR will show that the decision to continue was sound.

1.06 The experience of this project will be evaluated on the following criteria:

- (1) Policy: How fully did the project meet its policy objectives of: (a) demonstrating the viability of the sites and services and upgrading approaches and (b) mobilizing private savings for house construction. Did the project contribute to a change in Government shelter policy as a result?
- (2) Provision of Basic Services: Were affordable, acceptable services delivered to the population as intended?
- (3) Institutions: Did the project succeed in creating a capacity to plan for and execute sites and services projects over the longer term?
- (4) The Role of IDA: What has been the effect of IDA investment on the mobilization of public and private funds? and
- (5) Economic Justification: From an economic point of view, was the project justified in retrospect?

C. Source of Information for this Report

1.07 This Project Completion Report is based on information contained in the Project Appraisal Report (No. PS-11a of June 7, 1972), several reports produced by the Bureau d'Evaluation, a review of Bank files including supervision and progress reports, and interviews and discussion with Senegalese officials and Bank staff. Although not required under the legal agreements, the Government agreed to prepare a Project Completion Report as part of its own effort to evaluate this project. A draft translation of Government's PCR is attached as Annex 1. Government's report was prepared by a Committee headed by Ousmane Blondin Diop (Secretary General/OHLM), with the assistance of the Ministry of the Plan. It covers the initial phase of the project cycle up to appraisal.

II. POLICY CONTEXT

A. Dakar

2.01 Since its founding in the early 19th century, Dakar has been a prime magnet for growth and development in West Africa. Until 1960, it was the colonial capital of French West Africa, and, at Independence, was the largest urban agglomeration in francophone Africa. Economic prospects in other newly independent countries somewhat dampened growth in Dakar during the 1960's, but, by that time, Senegal was already one of Africa's most urbanized countries, with 23% of its residents living in urban areas.

2.02 Heavily reliant on groundnuts and livestock, Senegal's economy began to founder towards the end of the decade. The severe drought which struck in 1968 and lasted until 1974 caused agricultural production to slump. As rural incomes plummeted, rural-urban migration accelerated, especially towards Cap Vert, rapidly reversing the previous slowdown in urban growth. The urban share of the total population went from 24% to 28% by 1975. The overall annual urban growth went from 3.38% in 1960 to 4.03% by 1975. These trends represented annual increases of over 100,000 persons, most of whom moved to the Cap Vert Region. Dakar increased its rate to about 6% per annum, well over double that of the country as a whole. By 1975, the Cap Vert Region, which covered 1.3% of the national territory accounted for over 55% of GDP and 19% of the total population. This renewed urban growth increased the demand for shelter, services, and jobs.

2.03 Government began to seek a revitalized, regional role for the capital during this period. Major public investments were programmed and a campaign launched to promote investment from abroad, adding to the attraction of Dakar for those facing declining incomes in the rural sector. Deteriorating conditions in the rural areas and the drive to reassert Dakar's prominence led to a dramatic influx of predominantly poor households in search of shelter, basic services and job opportunities. By 1971, well over 60% of Dakar's population lived in squatter neighborhoods, which for the most part, were located in central Dakar. However, these areas were targeted as prime commercial and residential zones by the Ecochard Master Plan which had been prepared for Dakar just prior to Independence.

2.04 Government opted for a policy of relocation of the urban poor to the city's outskirts to clear a path for the more expensive development projects contemplated for the downtown area. However, this policy ran into an unforeseen obstacle: traditional external funding sources of subsidized housing schemes for high income groups began to shift away from lending for housing in Africa. The Government suddenly found itself faced with a considerable housing demand and no sure sources of finance for its middle and upper class clientele, in addition to the rapidly expanding demand of the lower income groups. House construction by the Office des Habitations à Loyer Modéré (OHLM), the middle income public housing agency fell sharply, and continued to stagnate throughout the 1970's. The Société Immobilière du Cap Vert (SICAP) the upper income housing authority, also began to experience similar difficulties during this period.

B. Macroeconomic Environment during the 1970's

2.05 In Senegal, project execution, which is difficult across sectors under the best of circumstances, was made more so by a decade of economic stagnation. Between 1971-1981, real GDP increased by .8% per year, with an annual fall in per capita income of almost 2%. A policy of public sector expansion led briefly to higher growth rates in 1974-75. But, in 1977, terms of trade turned against Senegal, and serious public finance problems began to emerge. During 1978-1981, three crop failures triggered a sharp decline in GDP. While groundnut exports were sharply curtailed, the price of imported oil skyrocketed and high Eurodollar rates aggravated debt service problems. Despite exceptional aid from multilateral and bilateral donors, Senegal could not meet its obligations.

2.06 The Government instituted an economic stabilization program, which included liquidating some important parapublic enterprises and increasing taxes, tariffs for public services, and urban food prices to relieve the cash shortage. This program weighed heavily on the poor whose incomes did not keep pace with inflation. With increased expenditures for food and transport, available income for housing investment declined and private savings for house construction were strained.

2.07 This uncertain environment proved especially hostile to the introduction of sweeping reforms in urban shelter policy. The sites and services project was large for a demonstration project and required a major turnaround in Government's approach to urban development. The absence of a consensus on project objectives and of institutions and procedures for this new style project created inevitable difficulties. Given the length and depth of the country's economic decline, these difficulties are not surprising. What is more surprising is the measurable progress made in reaching some of the original objectives of the project.

III. PROJECT IDENTIFICATION PREPARATION AND APPRAISAL

A. Origins and Formulation of the Project

3.01 The origin of this project can be traced to an economic mission which visited Senegal in June 1969 and recommended that the Bank look into Government policies for planning and controlling urban growth. The following year, an urban reconnaissance mission from the Special Projects Department expressed interest in the Government's evolving sites and services approach and recommended Bank support of its effort. Government's program was essentially a relocation project which provided free sites and minimal services on the outskirts of Dakar for households displaced from central zones.

3.02 The Government began implementation of its program during the Second Four Year Plan (1965-1969), developing about 120 ha of minimally serviced plots in Pikine, a large squatter neighborhood on Dakar's periphery. The Third Four-Year Plan (1969-1973) was more ambitious, providing for 350 ha in Dakar and 200 ha in selected regional centers. The Bank was encouraged by discussions with Government on this program which seemed to suggest a commitment to a lower standard solution to shelter and services and appeared to reflect emerging Bank policy. It also appeared that the issue of relocation could be satisfactorily resolved. In Dakar, the program was to accommodate 100,000 of the expected population increase over the Plan period, the remaining 40% to be housed through existing public sector programs built by OHLM and SICAP and the private sector. The mission decided to support this program.

3.03 In January, 1971, a memorandum was put to the Loan Committee on Bank participation in urban development. Two major issues were raised: (1) should the Bank finance housing? and (2) was Senegal the right place to start? There appeared to be a consensus that the Bank be involved. The benefits centered around employment generation, the mobilization of private savings for shelter, and cost savings which would result from the efficient planning and management of development in fast growing urban areas. Concern was expressed about the extent of the housing demand in developing countries and the risk that the Bank would be overwhelmed with requests for which it had neither the funds nor the staff. It was generally agreed that the Bank should not finance housing superstructures, but should limit itself to the provision of basic infrastructure and services.

3.04 There was no clear position as to the choice of Dakar for an initial operation. Discussions held with USAID, the UN, and other agencies and private individuals revealed few project proposals of a similar nature which were further advanced than that of Senegal. It was recommended that the Bank inform the Government of Senegal that, in principle, it was willing to consider possible financing of its program provided the project could be economically justified.

3.05 Following the decision of the Loan Committee, a preparation mission visited Senegal in March, 1971, and identified a project providing for 400 ha of sites and services in Dakar, and 60 ha each in Kaolack and Thiès. The objectives were to accommodate the population growth from 1969-1973 in Dakar and to support Government's regional development strategy which aimed to siphon off some of the population flows headed towards the Cap Vert.

3.06 The Bank spearheaded the preparation process, outlining the project scope and the necessary urban studies and specifying in detail such items as minimum service levels and plot layouts. Several consultants within the Ministry of Public Works and Urban Development were to be responsible for bringing the project to the appraisal stage. Parallel to the technical preparation, the Bank was concerned about several issues which were directly related to its emerging urbanization policy. These included: (i) justification of an urban intervention in a predominantly agricultural country, (ii) definition of the project population and (iii) land tenure mechanisms. These issues were the subject of frequent and often heated discussions between Government and the Bank.

3.07 An urban project in a predominantly agricultural environment. The course of Bank/Government dialogue was heavily influenced by the fact that the project was to be the Bank's first in the urban sector, and would be undertaken in a country facing pressing problems in the rural areas, while, at the same time, urban expenditures were growing rapidly. These policy contradictions were of special concern to the Bank.

3.08 Considerable emphasis was therefore placed on the policy context and pressures were put on Government to commit itself to (a) eliminate subsidies to SICAP from the start of the Fourth Plan, (b) reduce the number of "economic" ^{1/} units to be constructed by OHLM, (c) progressively eliminate subsidies on these units over 10 years and (d) restrict subsidies on OHLM's "super economic" ^{2/} units to the cost of land and infrastructure. Government was also urged to abandon its policy of slum eradication in favor of a slum upgrading program. Government was reluctant to commit itself initially but after much discussion and intense Bank pressure it finally agreed (see para. 3.15).

3.09 Definition of the project population. This issue centered around the overwhelming needs of the majority of the urban population in contrast to Government's programs which were exclusively directed to the middle and upper income groups. Between 840 and 1,100 ha had been reserved for higher income housing while only 300 ha were reserved for sites and services for the lower income groups. The Bank pointed out that the area allocated to the higher income groups was adequate to accommodate this growth for 15-20 years, while the sites and services zones would be absorbed within a three year period. The Government countered that the concentration of 140,000 lower income households on one 400 ha site was socio-economically undesirable as well as a source of potential political difficulties. The Bank did not disagree but insisted nevertheless that the relative needs of the lower income groups were more pressing and should receive priority attention in this project. Government eventually agreed to

^{1/} Conventional heavily subsidized OHLM units.

^{2/} Lower cost unit to be introduced as a result of project.

this solution, although as Government's PCR clearly points out, there were many in Government who disagreed with the project formulation.

3.10 Land tenure arrangements. In keeping with a 1964 Government law, beneficiaries of plots in public housing schemes in Senegal were given occupancy rights rather than freehold. However, the scant information on sites and services led the Bank to conclude that ownership was a necessary incentive to private investment in shelter. The Bank consequently insisted that freehold be granted on the site. The Government eventually agreed to this proposal although it ran counter to both the legal context and the country's political philosophy.

B. Appraisal

3.11 During the months prior to appraisal, several missions commented on the slow progress in preparation of preliminary engineering. It had been agreed that technical staff in OHLM would complete the required work, but little was done. A continuing question about the final location of the project site further slowed preparation. It was, nevertheless, decided to appraise the project in November-December 1971 with the team prepared to complete the bulk of the work.

3.12 The project was appraised in November-December 1971 and included the following components:

- (1) 400 ha of sites and services in Dakar, providing 14,000 plots for a total population of 140,000 people. Services included roads, water supply, sewerage by septic tanks and pit latrines, public toilets and community facilities such as schools health clinics and community centers. Households were expected to pay for plots at 7% per annum over 15 years. Individuals were expected to finance house construction out of their own savings.
- (2) 60 ha of sites and services similar to Dakar in the secondary town of Thiès, about 100 km from Dakar providing 1,200 plots for 12,000 people.
- (3) Technical assistance to assist OHLM for preparation of detailed engineering, and in project execution and
- (4) a study to determine criteria to be used for the upgrading of the remaining slum neighborhoods in Dakar as well as funds for a pilot upgrading scheme.

3.13 Total project costs were about US\$12.9 million of which US\$8 million was to be financed by an IDA Credit to Government. The project was to be executed over a 5 year period by the Direction des Parcelles Assainies (DPA) to be created within OHLM. Approximately 100 ha were to be developed and settled each year after start-up. The first phase was to begin in mid-1973, with infrastructure works completed by late 1973. Occupation of the 1st Tranche

(100 ha) was to begin in 1973 and be completed by 1974. Infrastructure for the entire project was expected to be completed by late 1976 and all sites allocated by end 1977.

3.14 Arrangements for implementation also specified that OHLM was to be reorganized into two separate Directorates--a Housing Directorate to execute OHLM's conventional programs and a Sites and Services Directorate to carry out the IDA project. The Direction de la Promotion Humaine (DPH), then in the Ministry of Youth and Sports, was to manage and staff the Community Assistance Section to be created within the Sites and Services Directorate. A Monitoring Committee headed by the OHLM Director was to be established to assess progress. Conditions of effectiveness required: changes in the building codes, assignment of Senegalese counterpart staff to work with the expatriate technical assistance, approval of legal statutes governing the establishment of the Association of Plottolders and appointment of consultants for the criteria study.

3.15 Concerned about the project context and the macroeconomic climate in Senegal, the Loan Committee attached a number of conditions to the approval of the Credit. These were:

- (1) a reduction in conventional subsidized public housing in the Fourth Plan;
- (2) postponment of further demolition of slum housing until the conclusions of the criteria study were reviewed; and
- (3) establishment of the DPA.

C. Assessment

3.16 Two elements characterize this period. The first one is the inadequate state of project preparation. The most significant example is the status of preliminary engineering. In the first instance, there appears to have been little or no association of Senegalese staff in its preparation either because of the lack of qualified staff or the time constraints of the appraisal process. Secondly, the issue of standards and its relation to affordability was not clearly defined with Government. Thirdly, the question of power supply was left untreated, and off-site requirements were only summarily addressed since it was assumed that Senegal would finance 100% of the required networks. This in itself was a serious error given the critical cash situation of the country at that time. Finally, the failure to have a portion of detailed engineering ready by Board presentation further weakened the already loose understanding on standards and was a built-in source of delay. This oversight, however, can be attributed to Bank inexperience, which was corrected in subsequent operations.

3.17 The conflicting and contradictory policy context is the second factor and reflects the serious misunderstandings and misperceptions concerning project objectives. Government policy and practice were oriented towards modern commercial development and the support to middle and upper income residents. Government's advocacy of a lower income solution was an expedient

means of freeing up valuable downtown properties. Given the extensive debates which took place during the preparation phase, the failure to take note of the early warning signs is puzzling. These diverging policy views persisted throughout project execution and contributed significantly to the subsequent delays and cost overruns.

3.18 The Bank had very farsighted objectives. Given its emerging philosophy, its insistence on a sound policy framework was not difficult to understand. Yet the Bank sought major and pervasive policy changes which could not be realistically accomplished in the space of one operation. The impact of many of these changes was not fully understood by many in Government who were associated only peripherally in the preparation process but who had major roles to play in implementation. Other changes such as the introduction of slum upgrading were simply unacceptable.

IV. IMPLEMENTATION

4.01 The implementation period can be divided into two distinct phases. The first period covers 1972-1975--effectiveness and start-up. The second phase spans 1976-1981 and covers the execution of civil works as well as consolidation and occupancy. Table 4.1 compares the appraisal schedule with actual implementation and is discussed in detail in the following paragraphs. The Credit was approved in June 1972. The implementation schedule at appraisal was based on an immediate start-up of detailed design, i.e., once approved in July 1972. However, because of insufficient IDA funds, Credit signature was delayed until September 1972. Effectiveness was scheduled for March 1, 1973, but was delayed until August 31, 1973 because of problems in fulfilling conditions of effectiveness. The Appraisal Report called for the consultants' arrival "soon after Credit approval". They arrived in April, 1973, nearly a year behind schedule. Therefore, from the beginning there was a delay of one year.

4.02 The project was expected to be completed by June 30, 1978 and to close six months later. Three extensions of the Closing Date to December 31, 1981 were required to complete civil works on the Dakar site, although by December 31, 1981, the civil works were not fully completed. The primary reason behind the extensions of the Closing Date was to bring the level of services on the project site up to that required for habitation under minimal sanitary conditions. This was thought to be a necessary incentive to spur occupancy and consolidation.

A. Effectiveness and Start-up 1972-1975

4.03 Effectiveness was originally scheduled for March, 1973 but was delayed until August, 1973 because of numerous complicated and ambitious conditions of effectiveness. First, the Loan Committee conditions concerning the sweeping policy changes required a Government side letter that was delayed. Second, Government was required to pass three decrees: (i) establishing a new building code, permitting the use of low-cost materials; (ii) granting legal status to the sales contract to be used between OHLM and project beneficiaries; and (iii) establishing the Association of Plotters. Unanticipated administrative and procedural complications blocked the process, and passage ultimately required a "procédure d'urgence" in May-June, 1973 to pass all three.

4.04 Third, a reorganization of OHLM also proved more complex than anticipated. Both the Government and the World Bank believed that the reorganization could be carried out through a Government decree, while the legal advisor to the President ruled that such a reorganization could only be accomplished through passage of a law by the Assemblée Nationale. Because of intervening elections, the law was not approved until June 12, 1973.

Table 4.1

	APPRAISAL			ACTUAL		
	Start	Completion	Duration Months	Start	Completion	Duration Months
<u>DAKAR</u>						
<u>1st Tranche</u>						
Studies	Oct. 72	March 73	6	April 73	Dec. 73	9
Constr. Civil Works	Oct. 73	March 73	6	July 75	March 79	54
Community Facilities	Apr. 74	March 75	11	Jan. 76		
Site Occupation	Apr. 74	March 75	11	March 78	incomplete	
<u>2nd Tranche</u>						
Studies	Oct. 72	March 73	6	July 73	March 74	9
Constr. Civil Works	Oct. 74	March 75	6	Jan. 76	Dec. 81	72
Community Facilities	Apr. 75	March 76	11	March 79	-	
Site Occupation	Apr. 75	March 76	11	Oct. 79	incomplete	
<u>3rd Tranche</u>						
Studies	Oct. 74	March 75	6	March 74	Dec. 74	9
Constr. Civil Works	Oct. 75	March 76	6	July 76	Dec. 81	66
Community Facilities	Apr. 76	March 77	11	-	-	-
Site Occupation	Apr. 76	March 77	11	July 79	incomplete	
<u>THIES</u>						
<u>1st Tranche</u>						
Studies	Jan. 73	March 73	3	July 78	March 80	21
Constr. Civil Works	Jan. 75	March 75	3	April 80	Dec. 81	21
Community Facilities	April 75	Sept. 75	6	-	-	-
Site Occupation	April 76	Sept. 75	6	not started		
<u>TECHNICAL ASSISTANCE</u>						
Project Manager	April 73	March 77	48 ^{1/2}	April 73	Nov. 77	56
Civil Engineer	April 73	March 76	36 ^{1/2}	April 73	Nov. 77	56
Accountant	July 73	June 76	36 ^{1/2}	April 73	Nov. 77	56
Saving/Credit Expert	April 73	March 76	36 ^{1/2}	April 73	June 76	39
Community Expert	Sept. 73	Sept. 76	36 ^{1/2}	April 73	Sept. 76	42
<u>COMMUNITY IMPROVEMENT</u>						
Criteria Study	July 73	Sept. 73				
Pilot Project (Studies)	Oct. 73	Sept. 74	12	July 75	June 76	12

^{1/} with extension

4.05 The reorganization proposal was also flawed. A Community Assistance Section (SAC) was to be created within OHLM for community development activities under the project. The unit was to be staffed by personnel from the Direction de la Promotion Humaine (DPH), a department of the Ministry of Youth and Sports under the 1972 Government. DPH staff were to be permanently assigned to OHLM, but were to continue to work under the administrative control of their own ministry. This arrangement proved unworkable and was discarded, but not until valuable time was lost and morale seriously undermined.

4.06 Fourth, recruitment of qualified Senegalese counterparts took much longer than anticipated, primarily because trained expertise was scarce in the country and public sector salaries were unattractive. OHLM experienced years of difficulty in assembling a staff. A Project Director was not on board until 1977; a qualified engineer did not join until 1980. Several Senegalese were trained on the job.

4.07 Finally, the condition requiring that OHLM hire external auditors also met unanticipated obstacles. Government had just established the Commission de Vérification des Comptes et de Contrôle des Etablissements Publics to review the financial performance of public enterprises. The Commission maintained that it would serve as the qualified external auditor for all World Bank assisted project accounts. After some delay, the World Bank's Legal Department ruled that this was in violation of the Bank's own Articles of Agreement. In May 1973, OHLM recruited an outside firm to audit the accounts.

4.08 Experience in subsequent projects has shown that too many conditions of effectiveness unnecessarily delay implementation, which was the case in Senegal. While the problems caused by the elections and intervening administrative reforms could not have been foreseen at appraisal, the effects of the pervasive changes in housing policy and practice could have been more evident. Several of the other conditions such as approval of the sales contract, the building code and the Association of Plotters could have been made conditions of disbursement. The time required for introduction and acceptance of fundamental changes in policy and practice were seriously underestimated, causing difficulties and tension between Government and the Bank which lasted for years.

B. Detailed Design and Construction: 1975-1981

4.09 The implementation schedule forecast at appraisal is compared to the actual implementation in Charts 29328 and 29329. Table 4.1 details the status of project components as of June 30, 1982. The table shows that project execution is four years behind the implementation period forecast at appraisal. Design of the Dakar sites started seven months later than scheduled, and required nine months to complete rather than the six which were forecast. The procurement period ^{1/} was estimated at six months at appraisal for each Tranche (100 ha) in Dakar, but actually required 18 months for the 1st and 3rd Tranches and 21 months for the 2nd Tranche. At appraisal it was estimated that civil works on each Tranche would require six months for completion.

^{1/} Time between completion of detailed design and start-up of construction.

Actually, 4 1/2 years were required for the first Tranche, six years for the second Tranche and 5 1/2 years for the third Tranche, which was completed 5 3/4 years later than estimated. For Thiès, detailed design began 5 1/2 years later than forecast, and required 21 months rather than the three months forecast at appraisal. The procurement period did not experience delays. Civil works took 21 months to complete rather than the three months estimated at appraisal.

4.10 Delays in overall project execution were due to inadequate preparation and the lack of firm Government support for project objectives. Delays in completing detailed design were due to some degree to disagreements over design standards. Delays in procurement and construction were due to: (a) cumbersome bureaucratic procedures and (b) counterpart funding constraints.

4.11 Disagreements over design standards - The failure to pin down agreements on standards during project appraisal was a fundamental error. Preliminary design had been prepared for a sample of 130 ha, a portion of which was not on the present site because of continuing disagreements over final site boundaries. Preliminary design consisted primarily of an income survey, alternative design options, and only very preliminary costs. In addition, the appraisal report did not provide the level of detail which was subsequently provided in other projects such as electricity standards. As a result, erosion of agreements was almost immediate. The backsliding on standards was further aggravated by frequent staff changes at the head of OHLM and in the parent Ministry, which required with each change a re-examination of the issue.

4.12 The length of time required to approve the site development plan is characteristic. It was first rejected in October, 1973 because it interfered with plans for zones contiguous to the project sites. Subsequently, the Minister of Public Works announced his intention to construct a road which required modifications of the third and fourth tranches. Three changes in architects in OHLM during 1973-1974 led to additional modifications. After the plan was approved in late 1974 and some contracts had been awarded, a new Minister objected to the lower income focus, raising renewed concerns about the project location, plot size, and the number of private water and sewerage connections. Disagreements on standards also occurred during actual physical implementation. In the case of the low voltage network on the second and third tranches, for example, works started in March 1975 and were completed in April 1980. SENELEC did not provide the contractor with detailed designs on schedule, because of interminable discussions on the standards issue.

4.13 Cumbersome Bureaucratic Procedures - Seven steps are required between bid invitation and award. A recent review of the experience of contracts awarded under this project showed that a minimum of seven months occurred between the call for bids and award, of which about five months are required for final approval of the contract. Many of the rejections which occurred were unnecessary--typographical errors, inadequate number of copies, etc., the cumulative effect of which was costly to execution. Some typical

delays were: (i) 10 months for sewerage and water supply on the first and second tranches; and (ii) 14 months for the road network and water supply on the third tranche.

4.14 Slow payments to contractors caused delays culminating in bankruptcy in one case. About 80% of the contractors were Senegalese SSE's ^{1/}, many of whom experienced difficulties in mobilizing for and launching of works on schedule because of a tight cash position and limited accessibility to commercial banks for credit. Payments to contractors for parastatal operations are made directly by the Ministry of Finance. Before the Minister signs off on a contract, several departments within the Ministry review the payment request, a process which is generally long. After considerable discussion, the Prime Minister made an exception and granted a posteriori control to OHLM in 1975. In theory, this procedure should have permitted the OHLM Director to make direct payments to contractors, accelerating payments somewhat when counterparts funds were available. However, OHLM was never given full financial autonomy for purposes of the project. As a consequence, it was able to make payments only after going through an abbreviated, but nevertheless lengthy approval process. As a result, payments were not accelerated to the extent required to achieve the desired improvements in implementation.

4.15 The counterpart funding constraint was perhaps the most significant cause of delay. Government requires that total amount of counterpart funds for any one contract be available before the contractor is notified to begin construction. The problem was that there were insufficient funds to permit contract approval. Discontinuities of counterpart funding caused works to slow down and, in 1980 and 1981, caused a total work stoppage. The counterpart funding position progressively worsened during the decade as economic conditions deteriorated. In 1980-1981, the Caisse Centrale assisted Government in meeting its counterpart funding obligations, thereby permitting an extension of the Closing Date to December 31, 1981.

4.16 Mid-course corrections. While there were 12 supervision missions between 1972-1974, few focussed on the above described constraints or their implications on project execution. Eight of these missions focussed exclusively on conditions of effectiveness and primary obstacles to start-up. Once physical implementation started, supervision missions regularly reported on the delays, but underestimated the severity of the problems, and/or the time required to find and implement appropriate solutions.

4.17 Once the problems were correctly identified, there were intense efforts on the part of both Government and the Bank to pursue mid-course adjustments to project design. All of the adjustments both to the physical and non physical aspects aimed to improve project performance and reach project objectives. However, several modifications which revised standards upward compromised the Bank's original objectives and were agreed in order to

^{1/} Small scale enterprise.

move the project forward. These modifications remain a subject of discussion and controversy today. There are those who maintain that given the resistance to the original project objectives, the Bank should have withdrawn from the project in the mid-1970's. Others support the view that there were errors and misperceptions on both sides, many of which were understandable in a first operation. Overall, project modifications contributed to fulfilling many of the project objectives as well as vastly improving the Bank's understanding of how these operations actually work in the field.

4.18 Revisions to Accommodate Higher Standards. When examining the evolution of standards, it is worthwhile to note that this project did not have a poverty focus as it is understood today. The appraisal report states clearly that standards were selected to "provide a level of services higher than that obtained in existing low and very low standard residential districts, while keeping costs low enough to enable a large section of lower income families to pay for and improve upon the serviced sites". Nevertheless, the upward shift in standards went beyond this interpretation and was the result of the incomplete preliminary design at appraisal. Sewerage and power are examples. During the 1973-1974 review of the development plan, Government raised objections to the appraised sewerage solution of pit latrines and septic tanks, maintaining that this system was inappropriate for a city of 140,000 inhabitants. The Bank subsequently agreed to the principle of a waterborne sewerage system. Standards shifted dramatically during implementation from an appraised solution which represented 4.4% of project costs to a solution which today represents about 18% of final project costs in 1982 CFAF.

4.19 In the case of power, quantities were not estimated at appraisal. It was assumed that power would be supplied from the existing distribution lines serving the area and that Government would finance the connections. However, there was no nearby network adequate to service 400 ha. In this case, there were not even indicative design guidelines and the power company applied its conventional and costly standards. The new project unit had no recourse to the practices of the longer established and politically powerful agency.

4.20 Revisions to Reduce Project Scope and Size. By 1975 it became evident that execution was in serious trouble. Up to that point, disagreements over standards overshadowed the major task of coordinating the servicing of 400 ha, which was the responsibility of an institution which barely existed. A joint Programs-Projects mission went to Senegal in mid-1975 to discuss this with Government and recommended that the project be trimmed, a proposal which met with stiff Government resistance. It was subsequently decided to reduce the Bank's disbursement percentage to 45% and to accelerate execution through streamlined local administrative procedures. The reduction in the disbursement percentage was done to preserve Bank leverage in the execution of all the components.

4.21 Clearly, the Bank should have taken a firmer position regarding the reduction of project size since conditions did not markedly improve.

By 1976, overruns were projected over 36% above appraisal estimates (see Tables 4.2a and 4.2b). A 1976 mission agreed with Government to reduce the project from 400 ha to 300 ha in Dakar and from 60 ha to 40 ha in Thiès. The disbursement percentage was raised to its original 67%, a change which somewhat relieved an already crushing burden on counterpart financing. The Bank also proposed the elimination of the Thiès component, but Government flatly refused.

4.22 The large size of the project compounded the other obstacles to execution which have been discussed above. It was therefore appropriate to propose the elimination of Thiès, which required considerable time and travel. In terms of institutional development objectives, the decision to execute the Thiès component had significant payoffs. The component was entirely designed and executed by the Senegalese staff which took over in 1977 at the departure of the consultants. Once started, it experienced a minimum number of difficulties. It is viewed today as a "Senegalese" component and, as such, has contributed significantly to the credibility of the DPA.

4.23 In 1977, the upgrading component was eliminated. A criteria study to identify appropriate areas for upgrading was completed in 1974 but languished in the Ministry for over a year. Its principal recommendations were consistent with cost effective upgrading solutions, recommending neighborhoods which were central, close to employment and community facilities and accessible to off-site infrastructure. Application of the criteria resulted in a choice which was politically unacceptable. Nevertheless, a proposal was prepared for Fass Paillotte, a downtown Dakar neighborhood. The proposal was subsequently dropped when it was recognized that Government's position was firmly entrenched.

4.24 The loss of Fass Paillotte was not unexpected. The scheme was premature in a context with little sympathy for the approach and a proven record of slum demolition which continued throughout project execution, notwithstanding Government-Bank agreements to the contrary. A less controversial location on the city's periphery in Pikine might have been more acceptable and would have provided the opportunity to demonstrate the principles involved in a less volatile environment.

C. Progress on Non-Physical Program

4.25 Execution of the non-physical aspects, such as the advertising of the project, development of selection criteria and the organization of the Association of Plotters, up to consolidation and occupancy did not experience any delays. During appraisal considerable importance was attached to the participation of the population and start-up was immediate.

4.26 Plot Allocation. The elaborate focus at appraisal on the community development resulted in a comprehensive program. The consultants developed complicated interviewing, selection and allocation procedures, requiring a minimum of 25 staff to process applications and some 16 steps for the

applicant. During implementation, these procedures were simplified and the number of required documents reduced, but the system remains unnecessarily cumbersome and long.

4.27 Briefing of Communities. This component was exceptional in its detail and proved to be very successful. Well before civil works began, the Community Assistance Section organized prospective beneficiaries into groups, or associations, most frequently by profession or trade. Regular meetings were held almost immediately throughout the Dakar neighborhoods to publicize the project and to organize group members to save for a downpayment on a plot. By 1979, over 25,000 people belonged to these groups. Today, it is not unusual to find applicants who regularly saved 1,500 to 3,000 CFAF monthly for over five years in anticipation of purchasing a plot. Because of the numbers of disappointed applicants, and the problems posed by tying up family savings, the system was changed in Thiès where people are organized into associations but do not begin to save until they are selected for a plot.

4.28 The organization of plottolders evolved quickly into a cohesive community structure. All of the groups are organized into one large association which has its own elected board of directors. The board consists primarily of neighborhoods elders and other community leaders. The Government effectively used this tightly knit community structure for its own ends, disseminating information on its interpretation of project objectives, lobbying for higher standards and even distributing "appropriate" house designs. This was not one sided however. The association has successfully lobbied for improvements, such as better transport links to Dakar, more water taps, and schools. It has also made loans to the health dispensary for the purchase of medicines and other equipment when the Ministry of Health was unable to furnish the material and has assisted the women in the organization and improvement of the market areas.

4.29 Monitoring and Evaluation. Senegal was one of the countries selected by the Bank and IDRC for in-depth monitoring beginning in 1976. However, given the slow progress, there was little to analyze in terms of implementation results. By 1978, it was decided that the unit would focus on obstacles to occupation. The Bank viewed the Monitoring and Evaluation Unit as being independent of the DPA and reporting directly to Washington. This framework created an atmosphere of suspicion from which the Unit never recovered. The Senegalese viewed it as a police arm of the Bank and generally ignored its output. The unit produced over 20 evaluation reports as well as a series of monitoring reports with little support from the Senegalese. Some useful information did, however, result. At the close of the Monitoring and Evaluation Project, the Unit was incorporated into the DPA, but it is highly unlikely that it will survive.

D. Occupancy and Consolidation

4.30 Key indicators are shown in Table 4.3. The delay in occupancy and consolidation became the focus of intense concern beginning in June 1978.

Apart from unrealistic appraisal forecasts, the initial and most important problem was the availability of water for construction which was not resolved until mid-1976. It was hoped that occupation and consolidation would be rapid thereafter, but this was not the case. It was expected at appraisal that allottees would transport their barques or wooden shacks to the site as shelter while constructing more permanent dwellings. However, the monitoring and evaluation showed that 67% of the allottees were rentors and 23% were living with friends or relatives and paying no rent at all. These households did not have shacks to transport. Over 60% of these allottees already lived in houses built with permanent materials and were unwilling to invest in a wooden shack. Other causes for the delays are described below:

4.31 Unrealistic expectations: From the beginning, applicants believed that their participation in the project would bring them a standard of housing far superior to that which they were enjoying at the time. A survey conducted by the Monitoring and Evaluation Unit in 1976 revealed that project candidates believed that they would be able to build a four or five room house on the site, and that this would be made possible by a Government loan for the purchase of materials. OHLM did little to discourage this misconception. To the contrary, OHLM mounted a vigorous campaign for high standard construction, distributing, as early as 1975, standard house plans with 4-7 rooms which had been not until 1978 that the Bank and the Government agreed on a two room unit, but by that time allottees' aspirations were fairly well fixed. As the key indicators show, the two room unit has had only moderate success (38% of total construction).

4.32 Financial Constraints: At appraisal, it was assumed that the Banque Nationale de Développement du Sénégal (BNDS) would provide small loans to beneficiaries where needed. BNDS, however, was not interested in making loans, particularly to informal sector beneficiaries. Construction was also hindered by shortages and rapid increases in the price of building materials, particularly cement. In 1977, there was a scarcity of cement throughout Senegal, and in 1978 the price had risen 70%. Rising costs coupled with the high expectations of plot owners resulted in the stoppage of construction on many plots.

4.33 By September 1978, only 20 households had occupied their plots. Another 20 settled in between September and December, 1978. By November, 1979, about 300 households had settled on the site. Financial constraints were cited as the major obstacles. Those who had moved to the site faced additional problems, however, such as lack of transport to their jobs in central Dakar, no markets or schools, no electricity nor physical security.

4.34 Actions to improve occupancy and consolidation. In May, 1978, the DPA prepared an Action Plan to focus attention on priority problems hindering occupation and consolidation. It was agreed upon with a supervision mission in May, 1978 and was slightly revised in September 1978 to contain the following:

- (1) the establishment of a trial period up to May 1979, for accelerating consolidation and occupancy in Dakar and a hold on all civil works on the Thiès site, pending the results of the Action Plan;
- (2) BNDS ^{1/} and the DPA agreed to finance a loan program, with the former serving public sector employees and the latter serving the private and informal sector, using downpayments and monthly payments from beneficiaries;
- (3) the DPA agreed to publicize the freedom of choice of project beneficiaries to construct dwellings of their own design and standards. The loan ceiling was established at CFAF 275,000;
- (4) the DPA was to be reorganized to eliminate administrative bottlenecks: (a) the accounting section was to be strengthened to administer the loan program; (b) an employment section was established and (c) the technical section was to be strengthened to improve house construction;
- (5) administrative procedures from allocation to plot occupation were simplified, and
- (6) sites were to be sold, contracts signed, and loans granted at a rate of 300 per month after the DPA reorganization.

4.35 The Bank fixed the occupancy targets in the initial Action Plan at 650 households by September 30, 1978, and 1,500 by December 31, 1978. These efforts to legislate occupation and consolidation underestimated the difficulties and were largely unsuccessful. The focus of the Action Plan did result in some immediate progress in completion of physical works and led to an increased awareness on the part of Government of the problem.

4.36 From 1978 through the Closing Date, steady pressure was applied to accelerate the pace of occupancy through continued adjustments to the Action Plan. The results were mixed. Prominent among the Bank's efforts was promotion of the two room unit. Many claim that the failure to sell the two room unit was due to the absence of a surrounding wall, which the Senegalese consider to be essential for privacy in a polygamous context. Others criticized the absence of sanitary facilities. Most observers attribute the difficulties to the failure to use the Association of Plottolders to publicize the program.

4.37 There is also some evidence to suggest that the Bank was unreasonable in its insistence on a rapid timetable for settlement of the site. Indications from new town development in France as well as the observed settlement rate in a sites and services project in Abidjan suggest that the pattern in Dakar is not overly discouraging. In the case of Dakar, about 500 housing starts are now occurring each quarter, the equivalent about 2,000 houses or 20,000 people per year. This is a reasonable pace of development for a new town.

^{1/} The BNDS agreed, but never participated to the extent expected.

SENEGAL
SITES AND SERVICES PROJECT
(Credit 336 SE)

I. DAKAR AND THIES

Appraisal Estimates and Actual Expenditures

(Francs CFA Millions)

Item	Appraisal	Sept. 76	March 77	May 78	Sept. 78	April 80	Nov. 81	Project Closing
Land marking	40.0	75.5				78.4	76.3	76.3
Earthworks	700.0	524.3				509.5	507.7	507.7
Roads	92.8	40.0				157.0	157.0	157.0
Water Supply	108.2	240.8	1981.0	1981.0	1881.0	222.4	255.1	224.1
Sewerage	270.6	533.6				296.2	364.1	366.9
Electricity	200.8	368.2				524.5	584.7	576.8
Trees	8.0	26.7				5.4	5.4	5.4
Schools	508.3	762.5	1088.0	48.0	1177	143.1	160.0	131.0
Clinics	93.3	140.0				51.2	54.8	19.1
Upgrading	15.3	15.3	76.0		76.0	-	-	54.6
Consultants (OMLH)	112.6	112.6	350.0	361.0	361.0	361.0	362.0	362.1
Consultants (SMUN)	67.8	67.8				3.3		
Overruns	335.1	135.6	<u>1/</u>	<u>1/</u>		19.5	26.6	21.5
Price Escalation	221.9		-	-	-	-	-	
Compensation	100.0	100.0	100.0	100.0	-	-	-	
Primary Infra.	243.0	940.0	773.0	773.0	806.0	559.4	533.0	530.0
UNDP	30.8	30.8				1.0		
Sub total Dakar	3148.5	4113.7	4368	3263	4301	2931.9	3086.7	3032.5

1/ Included in other items

II. THIES

(Francs CFA Millions)

Item	Appraisal	Sept. 76	March 77	May 78	Sept. 78	April 80	Nov. 81	Project Closing
Land Marking	6.0	10.5				5.9	9.1	8.0
Roads	13.9	18.9				99.3	99.0	99.0
Water Supply	6.2	28.7				31.1	35.2	32.4
Sewerage	7.9	62.6	175.0	175.0	253	82.2	-	77.9
Electricity	30.1	67.5				90.0	50.0	
Trees	1.2	4.1						
Schools	52.0	88.7		-				
Clinics	11.7	20.0	102.0	-	102			
Earthworks	n.a.	3.3						
Overruns	19.4	15.2	<u>1/</u>					
Price Escalation	12.9	<u>1/</u>						
Primary Infra.	n.a	65.0	130.0	130.0	130.0	107.1	96.8	61.8
Sub total Thies	161.3	384.5	407.0	305.0	485.0	415.6	290.1	279.1
Grand total	3309.8	4498.2	4775.0	3568.0	4786.0	3347.1	3376.8	3311.6
Exchange Rate	255.8	225	230	235	230	225	232	238/240

1/ Included in other items.

Key Indicators

	September 1978	November 1979	November 1980	February 1981	November 1981	January 1982
Applications	20,168	25,162	32,307	35,000	42,00	42,000
Interviews	15,160	20,007	32,000	34,000	36,000	37,000
Allottees	4,505	7,585	7,585	7,585	7,585	10,085
Number of units completed or underway	1,000	1,700	2,310	2,533	4,000	4,500
of which:						
Completed units	56	250	1,018	1,131	1,570	1,840
Occupied units	13	310	716	777	1,260	1,500
of which:						
Completed two room units	-	-	452	508	513	702
Occupied two room units	-	-	239	267	369	499
<u>Loans</u>						
<u>ENDS</u>	52	310	357	-	-	-
Public Sector	52	310	339	-	-	-
Housing Cooperatives	0	0	18	-	-	-
<u>OHLM</u>	401	2,842 ^{a/}	1,744	1,800	1,900	2,500
<u>BHS</u>	-	-	5	25	22	-

^{a/} Several of these loans were to the same individual to complete a dwelling unit.

SENEGAL
SITES AND SERVICES PROJECT
(Credit 336 SE)



The first Tranche: A city under development.

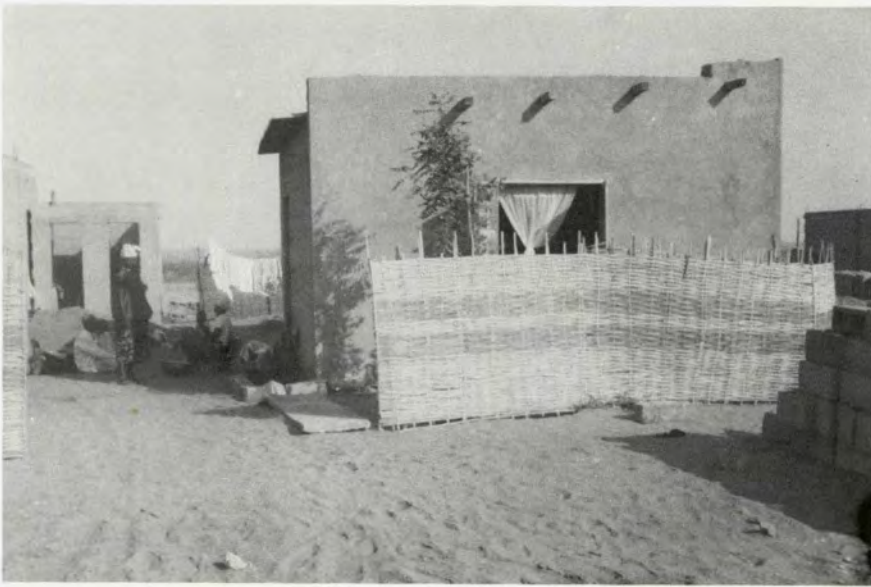


A typical plot layout: a Senegalese family settles in a two room unit financed by OHLM—DPA Loan Program. Extension of unit is underway.

SENEGAL
SITES AND SERVICES PROJECT
(Credit 336 SE)



A typical two room unit
ready for occupancy.



A family settles in a two
room unit and puts up a
palm fence for privacy.

A house financed by
a Banque de l'Habitat
du Senegal Loan.



SENEGAL/SENEGAL
SITES AND SERVICES PROJECT/PROJET DES PARCELLES ASSAINIES
(Credit 336 SE)

Implementation Schedule at Appraisal/Echéancier prévu au rapport d'évaluation^{1/}

Implementation Exécution	Years Années Trimestres Quarters	1973		1974				1975				1976				1977				1978				1979	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
<u>DAKAR</u>																									
Tranche 1 construction/travaux site occupation/occupation		***	***	+BB	BRR	III	III	SSS	SSS	SSS	SSS														
Tranche 2 construction/travaux site occupation/occupation		***	***							III	III	SSS	SSS	SSS	SSS										
Tranche 3 construction/travaux site occupation/occupation										***	***	+BB	BRR	III	III	SSS	SSS	SSS	SSS						
Tranche 4 construction/travaux site occupation/occupation										***	***							III	III	SSS	SSS	SSS	SSS		
<u>THIES</u>																									
Tranche 1 construction/travaux site occupation/occupation		***									III	SSS	SSS												
Tranche 2 construction/travaux site occupation/occupation										***								III		SSS	SSS				
<u>TECHNICAL ASSISTANCE/ASSISTANCE TECHNIQUE</u>																									
Project Manager/Chef du Projet																									
Civil Engineer/Ingénieur VRD																									
Accountant/Expert comptable																									
Savings and Credit Expert/Expert Financier																									
Community Organization Expert/Sociologue																									
<u>COMMUNITY IMPROVEMENT/RENOVATION DES QUARTIERS SPONTANES</u>																									
Criteria Study/Etude des Critères																									
Pilot Project/Projet Pilote																									

Legend/Légende

- * Detailed Engineering/Projet d'Exécution
- + Review of Design and Contract Documents/Examen des Plans et Dossiers d'appel d'offres
- B Tendering of Bids/Lancement de l'appel d'offres
- R Review of Bids and Award of Contracts/Analyse des offres et attribution des marchés
- I Construction of Infrastructure/Réalisation des Travaux d'Infrastructure
- S Construction of Sanitary Facilities, Schools and Health Clinics/Réalisation des Equipements Collectifs
- Possible Extension of Technical Assistance/Rallonge Assistance Technique

^{1/} Implementation starts at credit agreement signing/La date d'exécution commence dès la signature de l'accord de crédit.

SENEGAL/SENEGAL
SITES AND SERVICES PROJECT/PROJET DES PARCELLES ASSAINIES
(Credit 336 SE)
Actual Implementation Schedule/Planning d'Exécution établi en Fin de Projet^{1/}

Implementation Exécution	Years Années	1 (73)				2 (74)				3 (75)				4 (76)				5 (77)				6 (78)				7 (79)				8 (80)				9 (81)							
	Quarters Trimestres	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
<u>DAKAR</u>																																									
Tranche 1 construction/travaux																																									
site occupation/occupation				*	*	+	B	R	R	-	-	T	T	T	T	T	T	I	I	I	I	I	S	I	S	I	S	S	S	S											
Tranche 2 construction/travaux				*	*	*	T	B	R	R	-	-	-	T	T	T	I	I	I	I	I	I	I	I	I	I	I	I	S	I	S	I	S	I	S	I	S				
site occupation/occupation																																									
Tranche 3 construction/travaux																																									
site occupation/occupation						*	*	*	*	+	B	B	R	R	T	T	T	-	I	I	I	I	I	I	I	I	I	I	S	I	S	I	S	I	S	I	S				
Tranche 4 construction/travaux																																									
site occupation/occupation						*	*	*	*	+	B	B	R	R	R			Suppression de la 4ème tranche Fourth tranche dropped																							
<u>THIES</u>																																									
Tranche 1 construction/travaux																																									
site occupation/occupation																																									
Tranche 2 construction/travaux																																									
site occupation/occupation																																									
<u>TECHNICAL ASSISTANCE/ASSISTANCE TECHNIQUE</u>																																									
Project Manager/Chef du Projet																																									
Civil Engineer/Ingénieur VRD																																									
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Legend/Légende

- * Detailed Engineering/Projet d'Exécution
- + Review of Design and Contract Documents/Examen des Plans et Dossiers d'appel d'offres
- B Tendering of Bids/Lancement de l'appel d'offres
- R Review of Bids and Award of Contracts/Analyse des offres et attribution des marchés
- I Construction of Infrastructure/Réalisation des Travaux d'Infrastructure
- S Construction of Sanitary Facilities, Schools and Health Clinics/Réalisation des Equipements Collectifs
- T Earthworks/Terrassements

^{1/} Implementation starts at credit agreement signing/La date d'exécution commence dès la signature de l'accord de crédit.

V. INSTITUTIONAL DEVELOPMENT

5.01 The development of an institutional capacity to plan and execute sites and services projects in the future was a main project objective. At the national level, it was intended to build up a capacity to formulate urban policy and establish investment priorities. At the parastatal level, the intent was to develop an executing capacity. Principal responsibility for this task was vested in the OHLM through the DPA, which was created specifically for this purpose.

A. Central Government Agencies

5.02 At appraisal, the then Ministry of Public Works was the central government ministry with overall responsibility for the projects. In 1978, after a ministerial reorganization, the Ministry of Urbanism, Housing, and the Environment assumed overall responsibility. The Directorate of Urban Planning was the principal unit within the Ministry responsible for formulating national housing policy and related investment programs. It retains the same function today.

5.03 It was agreed at appraisal that a UNDP-financed expert in housing policy would be assigned to the Directorate for a two year period to assist in the reorientation of urban policy and investment programming. The expert was never hired, due probably to the wide gap in policy positions between Government and the Bank. The Ministry's inputs into project execution were negligible for the duration of project execution, apart from disagreements over the type of houses to be constructed on the project site and a steadfast refusal to consider appropriately lower standards. The failure of the Ministry to take a more participatory role in the project and in the resolution of its difficulties contributed to the isolation of the project unit. It also reinforced the widely held perception that the project unit was "extra-governmental" and had no political support.

B. The Office des Habitations à Loyer Modéré (OHLM)

5.04 At appraisal, OHLM was the principal Government agency for the construction of urban and rural housing for wage earners coming from the upper and middle income population groups. It sold and rented subsidized units utilizing Government grants obtained from a housing tax on all salaries. From 1960 through 1969, the end of the Second Four-Year Plan period, OHLM had built 3,760 units, 1,900 of which were in Dakar.

5.05 For the Third Four-Year Plan, it had a goal of 4,500 units. As part of the shift in policy emphasis from the upper and middle income groups to the lower income groups, it was agreed at appraisal that OHLM would reorganize into two directorates, one for the normal OHLM operations and one for sites and services. It was also agreed that standards would be reduced, by introducing

a "supereconomic unit", costing roughly half the US\$5,100 equivalent per conventional unit of the program under execution. To assist in this change, a UNDP-financed expert in building materials and low-cost construction techniques was to be brought into OHLM. The expert was never hired.

5.06 Few planned targets were met. Nearly half of the forecast OHLM production was to be "supereconomic" units of which over 80% were to be built in Dakar. Over 3,400 units were built during the Plan period of which over 90% were built in Cap Vert. Unit costs did not fall appreciably nor was there any real attempt to achieve the standards agreed upon during negotiations. Finally, there was no reduction in infrastructure subsidies.

C. The Direction des Parcelles Assainies (DPA)

5.07 Despite the well documented difficulties of the project unit, the evolution of the DPA is probably the most important project achievement. The DPA was created within OHLM for the purpose of project execution. This arrangement was agreed upon after careful consideration and rejection of the alternative proposal which consisted of creating a unit within the Ministry. The potential difficulties of introducing a unit within OHLM to implement a low-cost housing scheme were recognized at appraisal, but the appraisal team correctly concluded that fewer difficulties were involved in attempting to build a unit within an existing agency.

5.08 According to agreements at appraisal, the Sites and Services Directorate was to be of equal rank with a Housing Directorate which was to continue conventional OHLM operations and would use the existing divisions for the technical and financial aspects. A Community Assistance Section was to be created for the community development activities which would be new to OHLM. The Sites and Services Directorate was to have five counterpart staff and a team of technical assistants. The creation of two distinct but equal directorates was to contribute to a more coherent housing program, but this was not the case.

5.09 Firstly, the arrangement was never implemented. A Sites and Services Directorate was created within OHLM but was not given the autonomy originally foreseen. Secondly, Government experienced major difficulties in hiring counterpart staff. A Project Director was not in place until late 1976. The unit was not provided with a separate budget and its operations and funds were incorporated into the OHLM Budget. It was quickly absorbed by an agency which, itself was short staffed, had severe budgetary problems, and a flagging record of production. Frequent changes at the head of OHLM caused added setbacks, each new Director General calling into question the objectives of the project and, in particular the standards used. These circumstances progressively weakened the status of the project unit and eroded the institutional framework envisioned at appraisal. This institutional erosion quite naturally reinforced the political resistance to the proposed policy changes which together impeded progress.

5.10 At the same time, the "extra-governmental" perception of the DPA and the resultant neglect provided an opportunity for it to flourish and experiment. Besides the servicing of over 12,000 plots, the DPA developed an innovative and effective approach to community organization. It organized potential plotholders into associations which today have over 30,000 members, many of whom saved from CFAF 1,200 - 3,500 monthly for as long as four years for down payments on plots. It developed a program to advertise the project, interview applicants, and to select beneficiaries. When it became apparent that beneficiaries were not building because of a lack of funds, the DPA developed a construction loan program which has made over 2,500 loans using beneficiary down payments and repayments. It has overseen construction of over 2,000 units, organizing on-site, small scale contractors for the job. In six years, the DPA has outstripped the production of its parent agency, producing 2,000 sites per annum and providing housing for an eventual population of 140,000. From an inexperienced group of 5 it has grown to a team of 90 Senegalese which has performed quite satisfactorily, given the less than supportive environment.

D. Assessment

5.11 The execution of this project has had little substantive effect on policy formulation at the central ministry level, despite the commitment to a substantial sites and services program in the Sixth Plan. As far as overall institutional gains are concerned, the project has not had a major effect on the reorientation of OHLM's programs and policies, although there is a greater awareness of the major issues. Changes did occur in the focus and orientation of OHLM over the project period, but they were the result of depressed economic conditions rather than the result of enlightened policy making. OHLM built fewer units over the period because financing was not available to permit completion of the program. OHLM is only an executing agency; it is the Ministry of Urban Development which makes urban policy. In the absence of a shift in policy at the ministerial level, OHLM can only continue its present programs.

5.12 At the same time, the poor performance of OHLM compared to the DPA production of serviced sites has inevitably influenced the perception of OHLM's role and, this, in itself, could well provoke a reexamination of OHLM's mandate. Indeed, a review is underway as part of the contrat-plan process. Secondly, the project has created a capacity to prepare, implement, and deliver alternative solutions to conventional public sector programs in the country. Despite weaknesses in the technical and financial sections of the DPA, a team of capable Senegalese is in a position to replicate the sites and services concept, and indeed has done so in Thiès, which the DPA designed and implemented without technical assistance. It is also preparing a second sites and services project with KFW assistance in Kaolack.

5.13 If support for the sites and services project is less certain within the Ministry of Urban Development, the visible achievements on the site have convinced officials in other departments and ministries that the sites and services concept is a real and acceptable alternative to past housing projects--or

to no projects whatsoever. Furthermore, the population at all income levels has expressed continued interest in the project and is pressing for the accelerated production of serviced sites. These trends suggest that if policy changes do not come from within the Ministry, they could be imposed on it from without.

VI. COSTS, DISBURSEMENTS, AND FINANCIAL PERFORMANCE

A. Costs

6.01 Table 6.1 provides a summary of project costs as estimated at appraisal and final costs as of June 30, 1982. (Tables 4.2a and 4.2b provide detailed costs.) In terms of US\$ equivalents, final costs exceed appraisal estimates by 10%. The figure US\$14.3 million represents the total cost of the project as modified in 1976. These modifications were:

- (a) reduction in Dakar from 400 ha to 300 ha;
- (b) reduction in Thiès from 60 ha to 40 ha;
- (c) elimination of all community facilities in Thiès and all but four schools and one health clinic in Dakar; and
- (d) elimination of plot upgrading.

6.02 The delays, upward shift in standards, and inflation over the period had a major effect on the actual costs of the reduced project. At appraisal price escalation was estimated at 10% over the entire implementation period. According to the official price index (Table 6.2), price escalation averaged 10% per year between 1972 and 1981 for construction materials, fuel and wages. Cement prices quadrupled. The per ha cost at appraisal (460 ha) was an estimated US\$20,876. The actual cost per ha is US\$42,020, or over a 100% increase.

6.03 Abnormal delays due to frequent changes at the head of OHLM and the Ministry contributed to the significant overruns. These changes resulted in backsliding on design standards, and in particular, on power and sewerage, which were especially costly. In the case of power, electricity costs at appraisal amounted to US\$2,000/ha. As of June 30, 1982, the cost was US\$7,000/ha. Sewerage costs were estimated at US\$2,400 per ha at appraisal. The actual cost is approximately US\$6,400 per ha. ^{1/} In addition, land acquisition costs were severely underestimated. At appraisal, costs were estimated at CFAF 100 million for both sites. Approximately CFAF 62 million has been paid for Thiès. Dakar land compensation was never paid and amounts to CFAF 598 million. In the case of Thiès, the DPA was obliged to pay land compensation from its own funds. Government has not reimbursed the project account.

6.04 For the financial and economic analyses, the additional costs of civil works to be completed beyond June 30, 1982 (close of disbursements) were estimated. These costs include land acquisition for Dakar, some ongoing civil works in Dakar and Thiès, and those community facilities for Dakar and Thiès which were eliminated when the project was reduced. These costs amount to

^{1/} Reduced project. Sewerage component eliminated in Thiès so calculation made on basis of 300 ha in Dakar only.

CFAF 2,572 million. In addition, DPA operating costs up to 1995 (the end of the repayment period for the construction loan program) were estimated and amount to CFAF 1,242 million.

B. Disbursements

6.05 As of June 30, 1982, total disbursements amounted to US\$7.6 million. The actual and estimated disbursement profile is shown in Chart 23915. The actual and estimated disbursement schedule is given in Table 6.3. Overall disbursements are four years later than the forecast date of Project Completion which was June 30, 1978, and fall short of a 1980-81 revised estimate which called for the completion of all civil works on the Dakar site by December 31, 1981 and disbursement of the total Credit amount by March 31, 1982. All of the outstanding works, which include the construction of a primary school, completion of the sewerage network on the third tranche and power network on the second and third tranches on the Dakar site were in progress before the Closing Date but, at the earliest, could not be completed before June 30, 1982.

6.06 Delays in disbursements were due to many factors. Actual disbursements lagged immediately behind the appraisal forecasts because of an overly optimistic schedule at appraisal. Principal causes of disbursement delays are: (a) discontinuities in counterpart funding which delayed start-up throughout execution and resulted in a virtual stoppage of works in end 1980 and early 1981; (b) delays in completing detailed design and engineering; (c) delays during construction due to contractors' difficulties; (d) slow processing in the Ministry of Finance. Disbursements improved dramatically towards the end of the Credit life, when a Bank consultant worked directly with contractors to prepare bills and when the DPA assigned a staff member to follow up in the Ministry of Finance.

6.07 Towards the Credit Closing, the disbursement percentage was raised to 80% to accelerate disbursements. For a brief period, disbursement requests were still being forwarded at the original percentage and disbursements were made accordingly. Unless the Ministry of Finance and the OHLM communicate directly when such changes are made, valuable time and IDA funds can be lost, since forms must be resubmitted to correct the error. Approximately US\$458,000 of the IDA Credit was cancelled at June 30, 1982, or 5% of the total Credit amount.

C. Financial Performance

6.08 The original and actual financing plans stated in US\$ and CFAFrancs are shown below. These figures do not include the costs of completing the community facilities.

	Appraisal			Actual		
	CFA million	US\$ '000	%	CFA million	US\$ '000	%
Senegal	1,263.4	4,940	38	1,562.6	6,745	47
Credit 336 SE	2,046.4	8,000	62	1,749.0	7,542	53
Total	3,309.8	12,940	100	3,311.6	14,287	100

6.09 Because of implementation delays, the respective shares of IDA and Government participation were altered, with an additional US\$1.805 million or CFAF 299.2 million required in counterpart funds to complete the revised project. This 24% increase (CFAF) in Senegalese participation is particularly serious given the country's financial situation and is of more concern within the context of all projects under execution in the country. However, there appears to be no information available as to the cumulative effects of these overruns on local funding requirements.

6.10 Cost Recovery and Affordability. Project beneficiaries were expected to pay for detailed engineering, on-site infrastructure (except electricity) and management prior to lot sale. At appraisal, it was estimated that CFAF 1,406.9 million would be passed onto beneficiaries, based on assignable ^{1/} land area totalling 242.8 ha in Dakar and 36.3 ha in Thiès. With the reduced project, 180 ha in Dakar and 25 ha in Thiès will be sold, generating total revenues amounting to CFAF 1,790 million at present selling prices. Schools and health clinics were to be recovered through general revenues. Land was to be provided free. Repayment terms were 7% per year over a maximum period of 15 years. Allottees could pay a lump sum for their plot, an option which was exercised by nearly 20% of the beneficiaries.

^{1/} Total area minus roads and open space.

6.11 At appraisal, total plot costs were estimated to range from CFAF 74,000 (US\$290) to CFAF 220,000 (US\$863) for plots with a water and sewerage connection based on an average development cost of about CFAF 741/m². Actual development costs in Dakar are approximately CFAF 1,272/m² and CFAF 1,146/m² in Thiès, while the average selling price is about CFAF 834/m². Despite Bank requests to revise the selling price to reflect actual development costs (53% higher than current prices for plots), Government refused, arguing that the beneficiaries, and in particular, the lower income households, should not be penalized for the construction delays for which they were not responsible. Table 6.4 compares plot prices and monthly charges at appraisal with current levied charges and actual development costs per plot.

6.12 Affordability. At appraisal, the target population was defined as those families with incomes too low to qualify for OHLM housing but adequate to (a) meet monthly plot charges and (b) invest in house construction. However, no assumption was made concerning private savings required for house construction, it being assumed that everyone was able to mobilize the necessary funds. It was estimated that families with incomes between CFAF 14,500 and CFAF 37,900 would qualify, based on the generally held assumption that households are willing and able to pay up to 20% of their monthly income to acquire their own house. These families were between the 47th and 85th percentiles on the 1970 income distribution curve. Families with incomes below CFAF 14,500 were expected to be able to rent rooms on the site.

6.13 Research undertaken since this project underscores the difficulties in estimating project affordability. The situation is complicated by several factors which include the following: (a) investment in housing is shown to vary widely from project to project, with families often willing and able to invest considerably more than the 20% cited above; (b) frequently these additional investments are not made from current household income but rather come from loans or transfers from other family members. In the specific case of Dakar, the lack of reliable information on housing investment further clouds the issue. Under these circumstances, the best that can be done is to provide some very general indicators of potential project affordability. For the purposes of the PCR, the cost information which is used is based only on development charges and loan payment which is an underestimation of total costs to participants. It has also been assumed that households are only able to spend 20% of their income on housing, which again according to research information probably underestimates ability to pay.

6.14 Data on allocation show that beneficiaries fall between the 20th and 65th percentiles on the 1980 Dakar income distribution curve with CFAF 55,000 as the income ceiling. Because of the lack of serviced sites across income groups in Dakar, there has been some "seepage" of higher incomes into the beneficiary selection process, bringing in some families between the 65th and 85th percentiles. The current floor differs from that at appraisal because of modifications to the allocation criteria permitting larger numbers of lower income families to participate. As Table 6.4 shows, charges at appraisal for the least expensive plot represented about 6% of the monthly income of the lowest income beneficiary and 5% of the monthly income of the higher income

beneficiary for a fully serviced plot. Using the prices levied by the DPA, these figures are 5% and 4% respectively. At actual development costs, the figures are 7% and 5%. 1/ On the basis of the assumptions in paragraph 6.13, it is reasonable to conclude that, even if households made relatively heavy additional investments, the project was affordable by the project population.

6.15 However, few households began house construction before 1978, at which time a survey revealed that lack of funds was one of the principal reasons. Furthermore, it was shown that households with incomes similar to project beneficiaries spent over 60% of their monthly income for food and about 13% for shelter. 2/ Between 1972-1988, the price of basic food staples doubled in Dakar while the minimum wage increased by only 50%. The DPA, therefore, decided to start its construction loan program, which aimed to promote construction of a two-room unit costing CFAF 540,000 at 11% over 15 years, or a monthly charge of CFAF 6,260.

6.16 With a DPA loan, the percentage of monthly income allocated to shelter for the poorest beneficiary is 30%, while that of the higher income beneficiary for a fully serviced plot is 15% at DPA prices. Given the available data on monthly expenditure patterns of lower income families, the addition of the construction loan would appear to create affordability problems for low income households, if they have to meet the total payment out of current earnings. Unfortunately, there is no information on the amount of transfers from relatives which would reduce the repayment burden for some households.

6.17 If it is assumed that 20% of monthly income is allocated to shelter, all families above the median income level (CFAF 37,500) can afford a two-room unit, covering households falling between the 40th and 65th percentiles. All families (20th and above) could afford a one-room unit. If actual development costs are applied, only families earning more than CFAF 40,000 per month could afford a two room-unit, and families with monthly incomes of at least CFAF 28,000 could afford a one-room unit. If it is assumed that 13% of monthly income is allocated to shelter, only the population above the 40th percentile can afford a one-room unit; no families could afford a two-room unit.

1/ All percentages rounded.

2/ Research again suggests that this is probably a rental payment and that households might have been able and willing to pay a higher proportion to purchase a house.

D. Recovery Performance and Replicability

6.19 Repayment of plot charges has been generally good, with a 22% default rate. This compares favorably with other projects. In contrast, the default rate on the construction loan program is poor (88%). Of the 4,500 houses under construction, 2,000 have DPA loans. Therefore about 45% of the people constructing are in default. Reasons for the cost recovery problems include the following:

(a) An inadequate institutional framework.

Beneficiary accounts for both plot sales and construction loan are mechanized and processed by the Government's information center which handles all public sector enterprises. The center issues separate bills for the plot and the construction loan program which are mailed at different times to the beneficiaries. There are frequent delays in processing, sometimes up to six months or more and DPA's requests for modifications to the program or an acceleration in billings are generally ignored. The collections section in the DPA is also hampered by excessively complicated procedures and does not have adequate staff to collect late payments.

(b) Lack of political will and a system of sanctions.

Deduction at source is voluntary by law for civil servants (1/3 of project beneficiaries), and Government has been slow to enforce it for the project. Deduction at source for other salaried employees was only instituted in 1980, with the result that deduction at source covers a minimal percentage of the 40% of the beneficiaries who are salaried. Furthermore, no legal sanctions against overdue clients have been taken.

6.20 As of June 30, 1982, the following costs were not being recovered from project beneficiaries:

		<u>In million CFAF</u>
<u>Dakar</u>	land acquisition	
	(not including 4th tranche)	511.0
	primary infrastructure	530.3
	community facilities	280.9
	technical assistance	181.6
	DPA administration	158.0
<u>Thiès</u>	land acquisition	61.8
Total		1,723.6

This figure represents over 50% of total project costs as of that date. Of the CFAF 1,723.6 million, it can be assumed that primary infrastructure and community facilities would be recovered through general or municipal revenues, leaving 20% (US\$3 million) of project costs as non-recoverable (land acquisition,

technical assistance and DPA administration). Given the country's financial constraints, Government would have to recover more project costs than at present, if it expects to continue implementation of the Sites and Services Program. Under these circumstances, and with fewer delays, real economies in design standards and fewer pressures by Government on beneficiaries concerning the type of house to build, sites and services should be a viable housing solution for Government.

E. Financial Position of DPA and Results

6.20 It was assumed at appraisal that the DPA would yield an operating surplus which could be annually invested in new operations. Table 6.5 compares the forecast at appraisal with the DPA's current financial position without the loan scheme. Under this scenario, the DPA's financial position would be positive, once all plots are sold and the deferred payments recovered (1988/1989). As of June 30, 1982, the cash surplus would be CFAF 1,707.9 million compared to CFAF 790.6 million estimated at appraisal.

6.21 The introduction of the construction loan scheme in 1978 radically changes these projections. Table 6.6 gives the DPA forecast with and without the loan program. Originally fed by down payments and repayments from plot purchases, the loan program received an additional CFAF 575 million loan from Government to OHLM/DPA under the Structural Adjustment Loan (1981). The cash flow of the loan program is negative from 1982 to 1990/91, with the cash deficit peaking at CFAF 1,596 million in 1985/86. After 1993, the cash flow is positive. If the DPA financial results are consolidated to include plot repayments and loan reimbursements, the DPA cash flow is negative until 1986/87 reaching a maximum deficit of CFAF 321 million in 1985/86. If previously agreed measures to improve cost recovery are applied rigorously, the DPA would show a cash surplus of CFAF 283 million in 1987/88. At the end of the operation (1994/95), and after reimbursement to Government of the CFAF 575 million, the consolidated cash flow shows a cumulative surplus of CFAF 2,092 million, assuming a default rate of 20% on construction loans. Given central government funding constraints, this surplus represents an important source of counterpart funds for a future operation.

Table 6.1

SITES AND SERVICES PROJECT

(Credit 336 SE)

Actual Costs as of June 30, 1982
compared with Appraisal Estimate

Percentage
 Cost
 Overrun
 (Cost
 Underrun)
 (US\$ equiv.)

	<u>APR Estimate</u>		<u>Actual Cost</u>		
	<u>CFA (million)</u>	<u>US\$ 1/</u>	<u>CFA (million)</u>	<u>US\$ 2/</u>	
<u>SITE PREPARATION</u>					
Topographical works	46	179.8	84.3	363	102
Earthworks	700	2,737.2	597.7	2,188	(20)
Subtotal	746	2,917.0	592.0	2,551	
<u>PROJECT AREA INFRASTRUCTURE</u>					
Streets	106.7	417.2	256.0	1,103	164
Water distribution	114.4	447.3	256.5	1,106	147
Sanitary facilities	278.5	1,089.3	444.8	1,917	75
Power distribution	230.9	902.8	576.8	2,486	175
Open space planting	9.2	36.0	5.4	23	(36)
Subtotal	739.7	2,892.6	1,539.5	6,635	
<u>SOCIAL SERVICES</u>					
Education facilities	560.3	2,190.9	131.0	567	(74)
Health facilities	105.0	410.5	19.1	82	(80)
Subtotal	665.3	2,601.4	150.1	649	
<u>COMMUNITY IMPROVEMENT</u>					
Pilot project	15.3	60.0	-	3/	
<u>TECHNICAL ASSISTANCE</u>					
Professional services	112.6	440.0	345.3	1,505	242
Consultant services	67.8	265.0	16.8	69	(74)
Subtotal	2,346.7	9,176.0	2,643.7	11,409	24
<u>CONTINGENCIES</u>					
Physical	354.5	1,386.0	76.1	328	
Price escalation	234.8	918.0		4/	
Subtotal	2,936.0	11,480.0	2,719.8	11,737	
Land Acquisition	100.0	391.0	61.8	266	(31)
Primary Infrastructure	243.0	949.0	530.0	2,284	140
UNDP Technical Assistance	30.8	120.0	-	-	
<u>TOTAL</u>	<u>3,309.8</u>	<u>12,940.0</u>	<u>3,311.6</u>	<u>14,287</u>	<u>10</u>

1/ Based on the rate of US\$1 = 255.8 at appraisal

2/ Based on estimated average rate of US\$1 = CFAF 232

3/ Dropped from project

4/ Included in actual cost of works above

SENEGAL

SITES AND SERVICES PROJECT

(Credit 336 SE)

Price Variations in Basic Materials

and Labor during Project Execution

(Source: Bulletin Officiel des Prix)

Item	Unit	Prices (Tax Included) (C'000 CFAF)						%
		06. 72	75/76	77/78	79/80	80/81	Nov. 81	
Cement	Ton	6,428	10,800	16,980	18,178	25,000	26,130	306
Cement Block	Unit	-	65	96	120	186	191	194
Sand	M3	425	650	750	1,000	1,000	1,000	
Shutters	M3	19,575	34,863	45,360	50,100	55,500	56,500	188
Asphalt	Ton	19,350	47,565	60,473	76,488	166,309	181,870	840
Gasoline	Liter	57	76	93	146	255	255	347
Diesel Fuel	Liter	42	63	75	96	150	150	
<u>Hourly Wages</u>								
Unskilled Labor	Hour	52.90	109.80	109.80	137.25	144.11	144.11	172
Foreman	Hour	266.95	339.18	359.18	416.64	437.47	437.47	64
Skilled Labor	Hour	94.15	170.60	170.60	206.42	216.74	216.74	130

NOTE: Tax variations

From 07/01/65 to 12/31/76 = Excise Tax 9%

From 01/01/77 to 06/30/77 = Excise Tax 11%

From 07/01/77 to 07/31/79 = Excise Tax + Surtax = 14.2%

From 08/01/79 to 07/31/81 = Value Added 18.5%

As of 08/01/81 = Value Added 20%

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Table 6.3

SITES AND SERVICES PROJECT

(Credit 336 SF)

Schedule of Disbursements

(as of June 30, 1982)

End of FY	<u>Accumulated Disbursements in '000 Dollars</u>			Actual Disbursement as % of Appraisal or Revised Estimate "
	Appraisal Estimate	Revised	Actual Disbursement	
1973	260		126	47
1974	1,060		350	33
1975	3,010		1,921	64
1976	4,970		3,152	63
1977	6,770		4,181	62
1978	8,000	5,100	5,027	63
1979	--	5,900	5,584	70
1980	--	6,400	6,207	78
1981	--	8,000	6,584	82
1982	--	--	7,542	
Closing dates:	06/30/79	12/31/80	12/31/82	

SENEGAL: SITES AND SERVICES PROJECT

AFFORDABILITY

	Appraisal		Current Plot Prices		Actual Development Costs per Plot	
	Floor	Ceiling	and monthly charges levied			
Income (CFAF)	14,500	33,000	25,000	55,000	25,000	55,000
Sales Price	74,200	220,750	95,000	185,000	145,350	283,050
Terms: 7% 15 years 8% down payment	68,260	203,100	87,400	170,200	133,700	260,400
Monthly Plot Charge						
a) Plot	625	1,860	800	1,560	1,224	2,390
b) Management	280	280	370	370	370	370
TOTAL	<u>905</u>	<u>2,140</u>	<u>1,170</u>	<u>1,930</u>	<u>1,595</u>	<u>2,760</u>
% Monthly income	6%	6%	5%	4%	6% ^{1/}	5%
DPA Loan Program						
a) Two room 540,000 CFAF 11% 15 years	not included at appraisal					
Monthly Charge			6,260	6,260	6,260	6,260
TOTAL			<u>7,430</u>	<u>8,190</u>	<u>7,855</u>	<u>9,020</u>
% of Monthly income			30%	15%	31%	16%
b) One room ^{2/} 325,000 CFAF monthly charge	not included at appraisal					
			3,760	3,760	3,760	3,760
TOTAL			<u>4,930</u>	<u>5,690</u>	<u>5,355</u>	<u>6,520</u>
% of Monthly income			20%	10%	21%	12%

^{1/} All percentages rounded.

^{2/} Government did not encourage one-room construction.

SENEGAL

SITES AND SERVICES PROJECT

(Credit 336-SE)

Project Sources and Application of Funds 1973-1982 ^{1/}

(in CFAF millions)

<u>Year ending June 30</u>	<u>Appraisal</u> 73/82	<u>Actual</u> 73/82
<u>SOURCES OF FUNDS</u>		
Payment for Lots ^{2/}		
Down payments	113.8	
Monthly Payments of Principal	341.6	1,482.0
Interest	432.5	287.0
Management Charge	308.2	194.0
Water	242.9	3.0
TOTAL	1,439.0	1,966.0
Equity		
IDA Credit	1,051.4	1,791.5
Government Capital Contribution		
for civil works	518.2	
for engineering and pre-project management	110.8	1,520.1
Transfer to Government (Land for Community Facilities)	(213.2)	
TOTAL SOURCES	2,906.2	5,277.6
<u>APPLICATION OF FUNDS</u>		
Capital		
Civil Works	1,569.6	3,311.6
Engineering	58.0	
Management Prior to Lot Sale	52.8	
Transfer to Government (Land for Community Facilities)	(213.2)	
TOTAL	1,467.2	3,311.6
Operating Expenses		
Management Charge	362.4	258.1
Water ^{3/}	286.0	-
TOTAL APPLICATIONS	2,115.6	3,569.7
Surplus	790.6	1,707.9

^{1/} The APR report does not go beyond 1982. The accounting system of DPA does not permit a yearly breakdown.

^{2/} APR assumed a default rate of 15% on annual payments due, actual rate is 22%.

^{3/} Water is paid directly by the Municipality.

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SITES AND SERVICES PROJECT

(Credit 336 SE)

Forecast: Plot Sales and Construction Loans

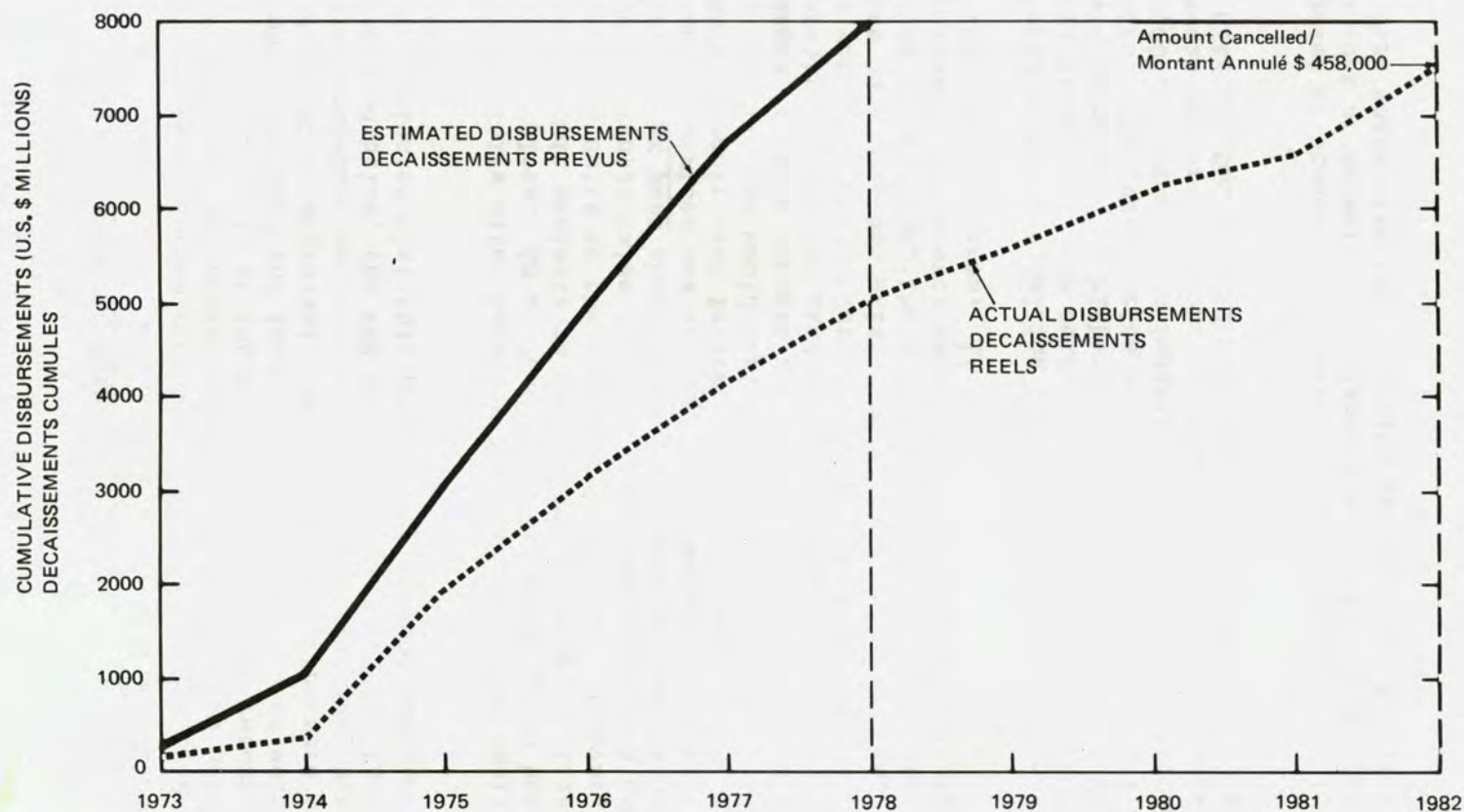
(CFAF millions)

	<u>81/82</u>	<u>82/83</u>	<u>83/84</u>	<u>84/85</u>	<u>85/86</u>	<u>86/87</u>	<u>87/88</u>	<u>88/89</u>	<u>89/90</u>	<u>90/91</u>	<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>
<u>Plot Sales</u>														
Invoicing as of June 30	1,966													
Total net revenue without loan scheme	729	938	1,074	1,167	1,275	1,359	1,446	1,484	1,479	1,474	1,468	1,462	1,455	
<u>Loan Scheme</u>														
<u>- Sources</u>														
* Treasury	500	75												
* Repayment Construction Loan	48	165	219	306	343	317	371	404	382	331	297	201	140	74
TOTAL	548	788	1,007	1,313	1,656	1,973	2,344	2,748	3,130	3,461	3,758	3,959	4,099	4,173
<u>- Uses</u>														
* Construction Loans	748	523	462	508	559									
* Repayment Principal			110	110	110	110	110	25						
Treasury Loan Interest			50	41	31	22	13	4						
TOTAL	748	1,271	1,893	2,552	3,252	3,384	3,507	3,536						
Balance on Loan Program	(200)	(483)	(886)	(1,239)	(1,596)	(1,411)	(1,163)	(788)	(406)	(75)	222	423	563	637
Total net revenue with loan scheme	529	455	188	(72)	(321)	(52)	283	695	1,073	1,399	1,690	1,885	2,015	2,092

FINAL PROJECT COSTS OF REVISED PROJECT AT COMPLETION 1995

	<u>as of Dec. 30, 1981</u>	<u>June 30 1982</u>	<u>beyond the Closing Date</u>	<u>Reimbur- sement to OHLM</u>	<u>Total</u>
A. <u>DAKAR</u>					
Land Acquisition	-	-	598.0	- 87.0	511.0
Primary infrastructure	530.3	-	-	- 80.0	530.3
Civil works	1,456.2	403.0	200.0	-	1,979.2
Community facilities	239.9	41.0	1,800.0	-	2,080.9
Technical assistance	<u>362.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362.1</u>
Total	2,588.5	444.0	2,598.0	-167.0	<u>5,463.5</u>
B. <u>THIES</u>					
Land Acquisition	61.8	-	-	-	61.8
Community facilities	-	-	100.0	-	100.0
Civil works	<u>123.8</u>	<u>93.5</u>	<u>40.0</u>	<u>-</u>	<u>257.3</u>
Total	185.6	93.5	140.0	-	<u>419.1</u>
C. <u>DPA OPERATING COSTS</u>					
as of 7/1/1995					<u>1,242.0</u>
D. <u>TOTAL</u>					<u>7,124.6</u>

SENEGAL/SENEGAL
SITES AND SERVICES PROJECT
PROJET DES PARCELLES ASSAINIES
(CREDIT 336-SE)
SCHEDULE OF DISBURSEMENTS
(ESTIMATES AND ACTUALS)
ECHEANCIER DES DECAISSEMENTS PREVUS ET REELS



VII. ECONOMIC REEVALUATION

7.01 At appraisal, quantitative economic benefits were measured in terms of imputed rental values for the housing units to be constructed under the project. Assuming a 20 year life of these units, the rate of return on the total investment, which included the land value and the value of self help labor was estimated at 18% at appraisal. Recalculation of the rate of return was hampered by data estimation and cost allocation difficulties, but under the method which is described below, the ERR is slightly above 19%. This rate of return supports the conclusion that this project was a sound investment from an economic point of view.

7.02 The Dakar and Thiès sites together account for 11,000 small (150 m²) and 1,220 large (300 m²) plots. As of June 30, 1982, about 1,570 housing units were occupied. The economic analysis in the appraisal report utilized the estimated rental value of completed units as the measure of benefits. However, there is no reliable data on the rental value of the houses which have been constructed on the site, and for the ex post analysis, the increase in land value arising out of the provision of services was utilized as a measure of benefits. This is in any case a more commonly used indicator in recent appraisals of sites and services projects. Ideally one would want to be able to compare the time series for the changes in value brought about in the project site with changes over time in comparably located raw land in Dakar. However, it has not been possible to obtain estimates of the latter because an appropriate index is not published and because data does not exist from other sources. In the absence of this more detailed information, the re-analysis used as a measure of benefits, actual observed increases in property values on the site and adjusted them for inflation to keep them in real terms. 1/

7.03 Field checks on average selling prices were done for purposes of reevaluation. Large plots are being sold at about CFAF 1,000,000 (US\$4,300). 2/ Some large plots are being sold at higher prices but there are few reported sales at lower prices. The resale price of the small plots ranges from CFAF 600,000 - 850,000. Spot surveys indicate that little distinction is made between service levels and/or location. A conservatively estimated average price per plot of CFAF 640,000 in 81/82 CFA Francs was used for the economic calculation.

7.04 For purposes of economic analysis, costs at appraisal included the value of land, the cost of materials and labor for the dwellings, and all on-site infrastructure costs with the exception of community facilities. Certain

1/ To the extent that prices of undeveloped land increased faster than inflation, the recalculated rate is an overestimate.

2/ Intervening year average CFAF 232.1 = US\$1.00

items were excluded but should have been included such as operating and management costs of the project unit. For the recalculation, these plus some additional costs were included. Infrastructure costs were expanded to include all costs of off-site infrastructure, although this biases the ERR downward, since a portion could have been considered to be of benefit to a larger population. Costs of community facilities were also included. This added cost also biases the rate of return downward since the benefits of such facilities are generally considered to be fully reflected in the purchase price of the housing. Operating and management costs of the project unit were included in the recalculation.

7.05 All costs are without taxes. The base year for the recalculation is FY82. Costs are actual costs between 1973 and 1982, inflated to 1982 price levels. The average inflation rate over the period is 10% per year. Beyond 1982, estimated costs are given in 1982 CFAF. All costs and benefits have been discounted at the opportunity cost of capital (11% between 1973 and 1993). The calculations which are provided in Table 7.1 show: (a) a net present value of CFAF 870.1 million and (b) a benefit/cost ratio of 1.10, and (c) an ERR of 19%.

7.06 By 1993, when it is expected that the outstanding community facilities will have been completed, each dollar of the IDA credit will have generated approximately US\$1.80 of public funds and US\$8.20 of private savings. 1/ Each IDA dollar will have had a multiplier effect of 10, indicative of a surprisingly robust project and a measure of the acceptability of the sites and services concept.

1/ At the end of the project, 12,220 houses would have been built at an average cost of US\$4,000. Total private investment has been estimated at US\$48.9 million. In addition, 1,800 medium standard houses costing approximately US\$7,500 would have been built by OHLM/BHS on the 4th tranche, adding US\$13.5 million of private investment.

ECONOMIC ANALYSIS

(in million CFA)

	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	89/90	90/91	91/92	92/93
A. Costs Investments																				
1 - Current France	84.6	298.7	323.4	511.7	311.0	282.1	251.9	265.1	137.5	-	-	-	-	-	-	-	-	-	-	-
Inflation factor (10% per year)	(1.10) ⁸	(1.10) ⁷	(1.10) ⁶	(1.10) ⁵	(1.10) ⁴	(1.10) ³	(1.10) ²	(1.10)	1	-	-	-	-	-	-	-	-	-	-	-
1981/82 Fr. without taxes	181.5	582.5	572.4	823.8	454.1	375.2	304.8	291.6	137.5	852.8	206.4	230.4	250.4	232.0	255.2	280.8	308.8	339.2	373.6	-
2 - EPA Operating Costs																				
With taxes	-	-	9.1	10.0	10.0	20.0	25.0	30.0	35.0	42.0	35.0	29.0	13.0	7.0	4.0	4	5	5	6	6
Without taxes	-	-	7.2	8.0	8.0	16.0	20.0	24.0	28.0	33.6	28.0	23.2	10.4	5.6	3.2	3.2	4	4	4.8	4.8
Costs (without taxes, 81/82 Fr.)	-	-	12.7	12.9	11.7	21.3	24.2	26.4	28.0	33.6	28.0	23.2	10.4	5.6	3.2	3.2	4	4	4.8	4.8
3 - Total Costs in 1981/82 France	181.5	582.5	595.1	836.7	465.8	396.5	329.0	318.0	165.5	886.4	234.4	253.6	260.8	237.6	258.4	284.0	312.8	343.2	378.4	4.8
Total costs discounted at 11%	(1.11) ⁸	(1.11) ⁷	(1.11) ⁶	(1.11) ⁵	(1.11) ⁴	(1.11) ³	(1.11) ²	(1.11)	1	(1.11) ⁻¹	(1.11) ⁻²	(1.11) ⁻³	(1.11) ⁻⁴	(1.11) ⁻⁵	(1.11) ⁻⁶	(1.11) ⁻⁷	(1.11) ⁻⁸	(1.11) ⁻⁹	(1.11) ⁻¹⁰	(1.11) ⁻¹¹
(Opportunity cost of capital)	417.4	1211.6	1112.8	1405.7	708.0	543.2	404.7	353.0	105.5	797.8	189.9	185.1	172.1	140.2	137.0	136.3	134.5	133.8	132.4	1.5
B. Benefits																				
No. of plots sold per year	-	-	-	2050	650	1400	1800	1900	700	2520	1200	-	-	-	-	-	-	-	-	-
Average market price per plot in 81/82 Fr.	-	-	-	1312	416	896	1152	1216	448	1613	768	-	-	-	-	-	-	-	-	-
Discounted at 11%	-	-	-	2204.2	623.3	1227.5	141.7	1305.8	448.0	1451.7	622.1	-	-	-	-	-	-	-	-	-
C. Present Value																				
At 11%	(417.4)	(1211.6)	(1112.8)	798.5	(75.7)	684.3	1012.5	996.8	282.5	653.9	432.2	(185.1)	(172.1)	(140.2)	(137.0)	(136.3)	(134.5)	(133.8)	(132.4)	1.5
The base year is 1981/82																				
Net present value	-	4860.5	- 3990.4	-	870.1	million CFAF														
Benefits/Costs ratio		$\frac{9352.6}{8482.5}$	-	1.10																

VIII. BANK PERFORMANCE

8.01 Government's evaluation of the Bank's role can be found in its Project Completion Report which is attached as Annex 1. Bank reporting on the project and its difficulties was regular and frequent. There were 30 supervision missions between 1973 and 1981, 10 of which were before 1975. This extraordinary investment in staff time represents about 300 staff weeks over a ten year period, or double the normal supervision effort. Many of these missions were joint Programs/Projects efforts often with Director or Division Chief level participation.

8.02 The first of these major missions visited Senegal in 1975 to discuss the future of the project which was in serious doubt at the time. This mission was the first of several which would take an active role in the restructuring of the project:

- (a) 1975: a reduction in the IDA disbursement percentage to 45%;
- (b) 1976: reduction of the project size by 1/4; increase of disbursement to the original 67%;
- (c) 1977: postponement of community facilities;
- (d) 1978: series of Action Plans to improve consolidation and occupancy;
- (e) 1979: introduction of DPA construction loan scheme;
- (f) 1980: counterpart funding arrangements with Government and Caisse Centrale;
- (g) increase in IDA disbursement percentage to 80%.

The staffing and frequency of these missions unquestionably contributed to progress in implementation. This frequency, coupled with attention from the Department Director level, also injected an element of constant pressure on Government, focusing attention on the pressing issues and forcing a decision.

8.03 This intense supervision had its negative side. As the Senegalese point out in their PCR, the DPA was virtually ignored until the announcement of a supervision mission. At that time, previously agreed measures were acted upon and efforts made to accelerate implementation. Under these circumstances, the Bank unwittingly substituted itself for the Borrower, taking on increasing responsibility for implementation. The perception that the project was a "Bank project" can be traced to this situation and prevailed throughout the period.

8.04 As the implementation period progressed, the Bank's implementation role leaned heavily towards occupation and consolidation, indicators which were being closely monitored at Bank headquarters. This emphasis also had its positive and negative impacts. On the positive side, the focus led to the development of the construction loan scheme, which was a major element in accelerating the consolidation process. This focus also led to the modification of the selection criteria, opening the project to females living in a polygamous family unit who were excluded under the one household/plot criteria in the legal agreements. Criteria were modified to permit households down to the 20th percentile to qualify for plots and to allow more informal sector applicants to participate in the project.

8.05 At the same time, the Bank continued to underestimate the difficulties and the importance of providing a full range of services on the site. These problems surfaced concretely when plotholders cited the absence of services as a reason for non-occupation. The counterpart funding question did not receive adequate attention until the Bank tardily recognized that it was not a question of advancing the required funds but rather a cash squeeze affecting the national budget. Operational issues within the DPA such as the unwieldy functioning of the loan program, difficulties in cost recovery, and the lack of employment on the site did not receive adequate attention.

8.06 In the main, the Bank's performance in this project is perceived as positive. The inadequate attention to the country context is the most frequent criticism leveled at the Bank by Government. Assumptions about the rate of policy change, institutional development, the pace of occupancy and acceptable measures of performance all reflected the novelty of the concept and the inexperience of the Bank at the time. At the same time, it is acknowledged that the Bank played a key role in introducing a radical change in the perception of shelter policy and in resolutely pursuing removal of obstacles to its implementation. There appears to be little doubt that the sites and services approach is a real and acceptable alternative in the Senegalese context. A smaller project, backed by solid Government support, would have had a smoother implementation history. The Thiès experience would appear to support this conclusion.

8.07 The question frequently asked is whether, given the many difficulties, this project warranted the heavy investment in staff time and support. This was the Bank's first project and the first project in the Western Africa Region. It was also a test case for many Governments in the Region which were contemplating similar investments. It had a wide audience and continues to generate intense interest. Convincing results have been demonstrated on the ground which have attracted a steady stream of applicants. While the policy dialogue is far from that which has been achieved elsewhere, the Bank's participation beyond that forecast at appraisal has permitted the dialogue to be extended to other issues of the country's urban policy and is now

a vital element in the ongoing parastatal reform discussions. Against this perspective, it is premature to answer the question with certainty, pending the outcome of these discussions, more complete occupancy and consolidation results, and the more convincing evidence that a second operation would provide.

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REPUBLIC OF SENEGAL

Ministry of Urban Planning,
Housing and the Environment

Office des Habitations à Loyer Modéré -

Direction des Parcelles Assainies

COMPLETION REPORT ON THE
SITE AND SERVICES PROJECT

- - -

SENEGAL'S CONTRIBUTION TO THE
WORLD BANK'S FINAL REPORT

March 1982

As indicated in the World Bank's 1972 appraisal report, the Dakar and Thiès Site and Services Project is distinguished by its apparent simplicity and the appropriateness of its objectives. However, from project preparation to final completion, this operation has run into enormous difficulties, which are still not resolved in 1982. While it is perhaps too early to make an exhaustive and definitive evaluation of the entire operation, an objective assessment can be made of its most significant technical, design, financial and institutional parameters so that lessons can be drawn for future operations.

Position of the World Bank

A Bank document published in June 1972* sets forth its urban development philosophy:

"Technical assistance on programming and institution building is foreseen in connection with the urban projects."

"... direct lending for housing construction is not contemplated at this time."

"The emphasis here is on the leverage effect in promoting savings and developing capital markets in a form which will lead to amelioration of the overall housing and employment situation."

"Close location of residences and employment, which with city growth requires the establishment of new employment groupings away from existing centers, can secure considerable economies."

"The more conspicuous successes, however, tend to demonstrate the importance of securing involvement of the population concerned through community groups, not only for initial implementation but also in creating a momentum for further amelioration, in provision of communal facilities and in the collection of payments."

*Urbanization Sector Working Paper. (Tr.)

"...security of tenure is an essential factor."

"The Bank is already involved in detailed appraisal of standards of construction and services and frequently succeeds in introducing changes in project design which cut costs..."

"The program of urbanization projects is being coordinated with programs of projects in more traditional sectors of Bank lending...including the balance between rural development and the development of urban centers..."

These general considerations summarize certain of the Bank's tenets regarding its urbanization and housing policy which had a bearing on the design standards of the Dakar project. This Bank project was the first of the "site and services" type intended to enable developing countries to formulate less costly urban policies by eliminating government subsidies to agencies such as OHLM and SICAP* and by improving squatter neighborhoods.

This strategy was based on two principles:

(1) the making available of sites that the Government would provide with minimum infrastructure and then sell to those who could not afford conventional housing;

(2) having the financing of the construction borne by the people themselves instead of the public sector through their doing the building themselves, mutual assistance arrangements and self-financing through household savings.

Thus, once executed, the first project was to make possible the reallocation of funds to other projects as part of the national program.

To this end, an agency to manage the projects was to be established and given technical and financial responsibility for future programs.

The appraisal of the project in 1972 determined the conditions for its execution; at a cost of over US\$12 million, of which US\$8 million was

*Société Immobilière du Cap-Vert. (Tr.)

to be financed by IDA, the project consisted of the servicing of 400 ha in Dakar and 60 ha in Thiès providing 14,000 and 1,600 lots, the construction of community facilities, roads and other basic services, the building of schools and health centers (in Dakar, 4 medical centers, 12 primary schools and 4 secondary; in Thiès 2 primary schools and 1 medical center), the establishment of community centers, and the provision for and promotion of business and industrial sites with a view to creating employment on the site.

It was mutually agreed that OHLM would be the executing agency for the project, which would constitute a major undertaking in urban development.

In point of fact, 80% of the population of Dakar, estimated at 550,000 in 1970, could not afford SICAP or OHLM housing because their income was too low, while with an annual demographic growth rate of 6% the city could expect to have more than 1 million inhabitants by 1980.

For all these reasons the 400-ha site at Cambérène represented an attractive solution. Because of its size it could accommodate a large-scale operation that would be in line with the short- and medium-term objectives (providing housing for a large number of Dakarois and demonstrating the value of the new strategy). In addition, 75% of the land in the zone was state-owned, which facilitated acquisition and assignment to the project. Nevertheless, it was decided to implement the project gradually, in four successive phases, in order to make it easier to cope with any obstacles or difficulties that might arise during execution.

The land was to be divided into 14,000 lots (32 lots per ha) of 150 to 160 m² as in the Pikine project, and larger tracts were to be earmarked for commercial or industrial (small- and large-scale) use. With the 10 people per household assumed by the program, the project was thus to

relocate 150,000 inhabitants, or about a third of Dakar's population at the time.

Originally, each household was supposed to put in its own septic tank but it was subsequently shown that it was possible to install a sewer system for public conveniences and to hook up private homes if the people wished it.

To reduce the total capital cost it was decided that 25% of the households would have private water and electrical connections while, i.e. the majority would later be able to purchase private system connections at their own expense. Lastly, public lighting was to be provided on the main streets.

Both the Bank and the Senegalese authorities paid close attention to the setting of design standards. The Bank wanted to ensure that the project was not made inaccessible to the target group through the adoption of high and hence costly standards, while the Senegalese authorities were anxious to prevent the area from becoming a "bidonville," or slum.

The project was therefore to be within reach of a target group defined as the "principal beneficiary," which would be able to pay the project costs and charges over a set period (10 or 15 years). It was agreed that in Dakar in 1972 the project would be aimed at households too poor to benefit from OHLM and SICAP housing, i.e. those whose incomes ranged from CFAF 12,500 to CFAF 37,000 per month. In the same year, the housing shortage was estimated at 20,000 units and it was expected that the project would contribute significantly toward reducing that deficit at low cost.

By leaving construction to the people themselves, the cost of the dwellings was expected to be kept down since the main objective was to keep recourse to paid labor to a minimum.

For the same reason, the use of inexpensive materials was to be encouraged and the rate of construction was to be consistent with the households' possibilities (savings and labor over a period ranging from 5 to 10 years). These objectives were at the basis of two fundamental concepts behind the project: "temporary housing" and "incremental construction." The temporary housing concept meant that households receiving lots were allowed to put up wooden shelters so that they could move in and live on their lots right away.

The principle of incremental or "add-on" construction was intended to allow house construction to go as fast or as slowly as household human and financial resources permitted.

Project and Credit Agreements

Credit Agreement 336 SE for US\$8 million was signed on September 29, 1972, along with the Project Agreement.

The effective date of the credit, originally set for March 1, 1973, became in the event August 30 because the following prerequisites had first to be met:

- promulgation of a decree reorganizing OHLM so that it would be able to carry out the new responsibilities entrusted to it under the project;
- finalization of construction regulations authorizing the use of inexpensive materials on the site, and in accordance with the Urban Planning Code;
- drawing up of a model sales contract;
- acceptance of the services of the technical experts assigned to the project;
- establishment of a Site and Services Directorate (Direction des Parcelles Assainies - DPA) and a Community Assistance Section (Section

d'Assistance aux Communautés - SAC);

- Formulation of model statutes for the Cooperatives d'Habitat responsible for collecting payments due from the sale of the lots and organizing saving and access to credit, which were grouped under the "Association d'Acquéreurs de Parcelles" (Lot Purchasers' Association).

It was further agreed that the appointment of the Director of OHLM "with appropriate qualifications and experience" would be subject to Bank approval, that the principle of separate DPA/OHLM budgets would be introduced and that the financial operations of the agency would be audited.

The principal of the credit was to be repaid from 1982 to 2022 at 0.5% interest, with a 0.75% service fee charged every six months. The credit was to finance:

- primary infrastructure (off-site works)
- infrastructure in the project area (on-site works)
- studies and technical assistance.

The cost of the primary infrastructure included all off-site works and was financed 100% by Senegal, in accordance with the Credit Agreement. It included external or main roads, high-voltage electricity, water piped from the Lac de Guiers to supply the project, pumping, delivery and treatment stations and tree and plant screens.

The on-site infrastructure financed jointly by Senegal (33%) and the Bank (67%) consisted of site improvement works: earthworks, staking, internal and secondary road and utility networks, drainage, low-voltage electricity and construction of community infrastructure.

The Senegalese counterpart funds were to be paid over quarterly in advance to OHLM. The cost of studies and technical assistance, financed 100% by the Bank, covered the urban planning studies and the formulation of

project layout, which were contracted to the Dutch consulting firm NEDECO, while the studies on upgrading the Fass Paillote bidonvilles were entrusted to the Secretariat for Urban Planning and Housing (SMUH).

For project implementation, the Senegalese Government was to assign to OHLM five engineers and experts in civil works, finance, economics and sociology, establish a Community Assistance Section (SAC) and appoint a project director. Selected after international competitive bidding, NEDECO therefore represented the first team of experts charged with setting up the project within OHLM and who were to be subsequently replaced by their Senegalese counterparts.

It was specified that the Direction de la Promotion Humaine would provide the SAC team and that the Government would provide "necessary and sufficient" personnel for the running of the new schools and dispensaries. The Government was also to be responsible for site maintenance after the lots were sold and for providing public transportation between Dakar and Cambérène.

In addition, the Government was to hire two consultants to help it formulate its new urban policy, arising out of its adoption of the site and services approach.

Lastly, physical completion of the project was set for June 30, 1978 and the closing date of the credit (end of IDA disbursements) for June 30, 1979, unless the two parties decided otherwise.

Position of Senegal

At the time of the first appraisal of the project in 1970, there was not, in the true sense of the term, a Senegalese position regarding the site and services concept.

The new strategy developed by the Bank was not matched on the

Senegalese side by an equally clearly defined strategy, although the Senegalese Government did have an urban development master plan for the Cap-Vert region, which demonstrated its desire to pursue the site and services approach. Furthermore, the Senegalese urban planning and housing officials had acquired extensive experience with similar schemes all planned and financed exclusively with public funds for the poor in Cap-Vert, whose demographic profile was comparable to that of the target group of the Bank project.

It seems that on the Senegalese side there was very little eagerness to draw up a specific official document for the Cambérène project and that the urban development dimension was favored over its other components. It was precisely those other components of the project that were to constitute the difference in approach between the Bank and Senegal.

The difference lay in the rationale used by the two sides.

Senegal's previous schemes (Pikine, Guédjawaye, Grand Yoff, etc.) were part of a strategy to free downtown slum areas that were occupied by squatters. Once freed, that land was to be developed in accordance with policy decisions regarding public housing. In compensation, the Government gave the relocated squatters permanent occupancy permits that entitled them to move to and build on lots provided with basic infrastructure and services.

This strategy therefore enabled the Senegalese authorities to implement progressively - i.e. operation by operation - their urban development and infrastructure policy. They succeeded, at one and the same time in restructuring the downtown area and in resettling through the granting of permanent occupancy rights, large numbers of the poor of Cap-Vert. During certain slum clearance operations, some of those relocated were even given public housing free of charge.

However, once again, the objective of these actions remained the freeing of land for public housing.

As far as low-cost housing policy was concerned, the Government relied exclusively on the OHLM and SICAP programs, despite their modest achievements.

It is therefore not at all surprising that the Cambérène Site and Services Project was very favorably received by both the Senegalese political authorities and the technicians and planners. For the former, a large-scale site and services operation using external financing was seen as a means for making housing and property ownership accessible to a large segment of the poor of Cap-Vert.

For the others, the project made it possible to: (i) find housing for the residents of neighborhoods that were to be cleared; (ii) anticipate urban and demographic growth; (iii) make available a very large building area at the entrance to the city which would serve to "catch" migrants moving in from the countryside and, lastly, (iv) eliminate a part of the housing shortage. This rationale seems to be at the base of the Senegalese authorities' thinking concerning the project. They saw the Cambérène project as simply a larger-scale version of the traditional subdivisions of the type carried out by the urban planning authorities.

This being their understanding, the Senegalese agencies involved felt that they possessed the necessary competence and capabilities to carry the project out successfully.

For the World Bank, however, this project was not just a straightforward urban development operation, but rather a response to a number of urban-strategy-related problems. Although these differences in approach

did not affect the negotiations, they did influence the relations between the two partners throughout the execution of the project.

During negotiations, agreement was reached with the Government regarding:

- (a) The reorganization of the executing agency (OHLM) to carry out the National Site and Services Program;
- (b) The creation in OHLM of an investment fund for future site and services projects that was to receive the principal and interest payments from the purchasers of the sites developed by the project;
- (c) The personnel to be assigned to OHLM by other governmental agencies for project execution;
- (d) Government provision for relocation of squatters in its present slum clearance program in a manner not detrimental to the project.

In addition to these specific points, the Bank required the Government to take the following measures: elimination of all public subsidies to OHLM and SICAP; acquisition of the 400 ha in Cambêrène and delivery of land title to the future purchasers of the improved sites; and lowering of OHLM's housing standards.

Taken as a whole, the Bank's reasoning, which was based on monetarist and macroeconomic considerations, diverged substantially from that of the Government. The Senegalese authorities, although aware of the inadequacy of OHLM's housing production, felt it was imprudent and dangerous to halt all subsidies to that agency, and preferred to wait until the completion of the project, so as to have concrete proof as to its financial feasibility and technical replicability. The Government therefore found the elimination of the subsidies to OHLM to be premature and likely to push up HLM (low-cost housing) rents, and possibly even jeopardize the very existence of one of the

key instruments of its housing policy.

For its part, the Bank justified its proposal by pointing out that this subsidy, because of its size and the way it was distributed, could not in any event constitute a long-term solution to the need for an increased rate and volume of new housing construction. Moreover, because it benefited only a part of the population, i.e. precisely those who needed it least, the Bank felt there was every reason to drop the subsidy. Recognizing in part the soundness of the Bank's analysis, the Government accepted the principle of first changing the way that public housing funds were allocated in order to take account of the introduction of a new non-subsidy-type financing mechanism - the project.

The Government was nevertheless still convinced that outside of potential OHLM and SICAP beneficiaries, there was still a large amorphous group composed essentially of bidonville residents who needed to be rehoused. And in this respect, the Cambérène project was, in its eyes, fully justified.

However, the Bank felt that those without access to the public housing programs consisted of more than one group and that they should be made the object of a number of specific programs based on standards tailored to their particular income levels. It was therefore recommended that the Government carry out site and services projects as well as bidonville upgrading programs, which would not require the residents to move and would provide them with titles of ownership.

The question of ownership - what title to issue to the future purchasers of serviced lots-- has not been answered; the Government could not understand the Bank's insistence on having the purchasers of the serviced

lots given title to the land since the beneficiaries of public projects in Pikine, Guédjawaye, etc., who were given occupancy permits, had achieved performances similar to those expected from the Cambérène operation. The Government therefore felt it to be sufficient, from the standpoint of security of tenure, to issue occupancy permits.

Secondly, the Government refused, without saying as much, to depart from the law on state-owned land (domaine national) which it had decided, instead, to extend to urban property as well as rural land, in accordance with its socialist philosophy. Faced with the Bank's firm insistence on this matter, the Government suspected a political, even ideological motivation that concern for the proper implementation of the project alone did not warrant.

Further, there was no true agreement between the two partners regarding slum clearance measures. In this specific area, steps and actions were taken at a very high level in the Senegalese political structure that was to a large extent beyond the control of the urban planning specialists and technicians. Throughout the years of project implementation, a very clear political intent emerged as regards urban planning, architecture and urban esthetics. The National Urban Planning Council, established in 1974/75 and chaired by the President himself, was the central decision and policy-making body.

While it maintained a constant interest in the project and its success, the Council also decided to prepare a list of additional slum clearance operations in Dakar, despite the Government's commitments to the World Bank. Of 11 neighborhoods identified, only Fass Paillote was proposed and selected for upgrading as opposed to clearance.

These differences of approach and views occasionally made the

working relations between the two parties tense but more often uncomfortable, owing to a mutual failure to understand each other's position.

To the veiled or direct reproaches made by the Bank regarding its housing and urban planning policy, the Government responded in an intentionally vague manner. Convinced that it had "fully" performed its commitments "in general," the Government admittedly very often did not respond at all.

The Bank, for its part, attributed all difficulties encountered by the project (delays, non-availability of counterpart funds, etc.) to a "lack of political will" on the part of the Government.

It can be stated that Bank-Senegal relations regarding the site and services project were apparently marred by misunderstandings that still persist, notwithstanding the stated and common concern of the two partners to achieve the project's objectives.

OHLM and the Site and Services Directorate

Beginning in 1976, DPA staff were to be almost exclusively Senegalese. Despite the difficulties in recruiting university graduates for the project, OHLM gradually managed to replace the expatriate experts with nationals.

Because the project was already well advanced, the Senegalese senior staff were obliged without any true probation period, to take on major responsibilities at a critical juncture in the project (speeding up the works, site occupancy, solving questions, relating to development, etc.).

Although matters were not always clear between the consultant and the Senegalese counterparts, a unity of approach and team spirit has long been lacking at DPA since it came under Senegalese management. However, although their academic and professional qualifications did not necessarily match the requirements for such a project, the Senegalese officials demonstrated impressive adaptability and receptivity for retraining.

In the face of constant and mounting difficulties, the young Senegalese DPA team, although fairly inexperienced, was also able to increase the involvement of the authorities in the project and thereby overcome major obstacles (see 1978 plan of action).

Nevertheless, it was not always able to resist pressures brought to bear on it as regards the philosophy of the project or compliance with set procedures by the purchasers' associations, unsuccessful applicants, etc.

In addition to these strengths and weaknesses, for completeness' sake, mention should also be made of DPA's status within OHLM. Set up in the OHLM central office in 1973, DPA was not always considered to be on an equal footing with OHLM but more as an offshoot or provisional structure. Because it had no true administrative and budgetary autonomy DPA, at least early on, was made to feel that it was subordinate to OHLM even though it was overseeing the execution of similar if not larger programs.

Caught between the performance requirements made periodically by the Bank and the weakness of its own means within OHLM, DPA staff had to cope with many difficulties.

Lastly, it should be pointed out that the changes at the top in OHLM took their toll, as DPA had to wait until successive directors familiarized themselves with the project before the necessary institutional backing and staff could be obtained.

DPA was accordingly moved to request the Bank to intervene with OHLM and the authorities to improve its overall situation, something which the Bank always refused to do on the grounds that DPA's problems were exclusively a matter for the Senegalese.

Opinions of the project

Questioned about their opinions of the project, the officials contacted unanimously acknowledged that this site and services strategy was an indispensable and judicious complement to OHLM, SICAP and government housing actions.

In addition, the project was carried out at a time when seekers of housing and employers in the private sector were voicing increasing

scepticism about the 2% housing tax deducted from wages and paid over to the Senegalese housing agencies. The modest achievements of those agencies and the increase in demand had persuaded the authorities that a new approach to solving these problems was called for.

Thus, the philosophy behind the project - reaching those who previously did not have access to public housing - had obtained general acceptance.

Nevertheless, the Senegalese officials expressed certain reservations on some aspects of the project:

1. Choice of location

Although it did not cause difficulties during the study phase or negotiations, the choice of location was challenged on several occasions by the decision-makers and also certain income groups.

A first criticism, technical in nature, found fault with the size (400 ha) of the Cambérène site, its topography (large sand dunes) and location (10 km from Dakar; poor road access). The argument thus developed tended to show that the project would suffer from the negative effects of these factors.

In the first place, development of such a site required technical capabilities that Senegal could not marshal for the purpose without running the risk of concentrating a significant part of its manpower on that one project alone. Secondly, the cost of development, in view of the size of the site and the design standards, would be high notwithstanding the scale of the project objectives.

Lastly, the financial effort required of Senegal - 100% financing of the works - was averred to be a very serious obstacle to proper project execution.

The second observation on the choice of Cambérène was socio-political. It was observed, after the earthmoving had been done and the first lot allocations made, that some Senegalese officials were quite hostile about the choice of the site, classified as a "residential" area, since they feared that allocation to the project target groups would inevitably lead to the area deteriorating into a collection of "bidonvilles." This viewpoint was defended by the wealthier or politically influential groups in Cap-Vert.

It should be pointed out that OHLM/DPA withstood the pressures from these groups and took their opinions into consideration solely to prevent any additional obstacles in the execution of the project. This may have been the reason for the standard house plans for beneficiaries, which became a serious sticking point in relations between the Bank and Senegal.

It is still too early to tell what role urban concerns and the defense of economic interests had in this assessment of the site selection. It is, however, clear that the Cambérène site was considered highly desirable, particularly the areas along the sea used for the third and fourth phases, by both decision-makers and the affluent. Without the Government's commitment to the Bank, there could have been strong attempts to switch part of the project site to private control.

The third observation, political and sociological in nature, was that unless care was taken, the project might create "a ghetto of 140,000 people" in one single blow. This reasoning was based on the target population, the selection criteria and the community development policy, all of which were project elements that reserved access to the improved lots to clearly delineated economic groups.

Although it is still too early to pronounce a final opinion on this aspect of the project, we must recognize the legitimacy - at least in part - of this fear, which was reinforced in the minds of several Senegalese leaders by the Bank's insistence on having temporary shelters put up on the site. In the eyes of the Senegalese officials who leaned to this view, such a "ghetto" could not but become an unsafe area or a hotbed of social tension if it were occupied only by the poor.

The Bank defended exactly the opposite opinion, affirming that this type of project would, over the longer term, reduce the risk of social unrest precisely because it offered an opportunity to the urban poor to find employment, own their own homes and live better.

2. Design standards

Despite the commitment shared by the two partners to a project providing complete infrastructure, Senegal felt a posteriori that the proposed design standards were "sophisticated" and too "high" for such a project. On the one hand, they entailed considerable counterpart funds and, on the other hand, such standards were not felt to be essential for achieving the desired results. Once again the Senegalese officials based their reasoning on their experience with the subdivisions in Pikine, Guédjawaye, etc.

They also felt that the putting up of wooden shelters, even on a temporary basis, was out of harmony with the standards for the site in general and the homes to be built by the purchasers. The authorities therefore made a particular effort to facilitate access to bank credit for the beneficiaries rather than encouraging site occupation through temporary structures.

Nevertheless, the project site became in the minds of the

authorities a "four-star" subdivision where housing construction standards had to be closely monitored. Thus for the Bank, the infrastructure and service standards were the main issue, whereas the Government was concerned to prevent the project degenerating into a shantytown through the proliferation of temporary shacks. To this day these two opinions have not been reconciled.

Consequently, the lot purchasers in their turn came to have a distorted view of this program as being different from the Pikine and Guedjawaye subdivisions, owing to the existence and application of selection criteria and the procedures involved that made the allocation of a lot a privilege.

3. IBRD supervision mission

The Senegalese project officials and Government bodies felt that the regular Bank supervision missions were of genuine help to the project in overcoming its difficulties. Because of the frequency of these missions (one per quarter) progress could be closely monitored, specific targets set and the various agencies concerned reminded of their commitments to DPA.

Nevertheless, the criticism was made that the missions did not always consist of the same people, so that the continuity of dealings between Senegal and the Bank sometimes suffered. In addition, the Bank missions were perceived as "control and monitoring missions," during the critical periods of the project.

Senegal would have liked the supervision missions visiting Dakar to have assessed the local constraints and conveyed their findings to Washington, with a view to obtaining greater understanding on the part of the Bank. However, in the specific case of the Cambérène project, the Bank as a whole had invested so much of its institutional prestige that

it could not afford a failure. This meant that the supervision missions' ability to influence Bank headquarters remained slight, despite their desire to help Senegal.

For its part, DPA feels that the Bank supervision missions were most diligent and valuable, especially as they served to spur on the government departments involved in the project. However, the missions often meant a work overload for DPA, in the form of preparation of documents, detailed summaries, statistics, etc. Added to the daily tasks of project management, the work entailed by the supervision missions was an additional burden for DPA.

Lastly, there is a general feeling on the part of the Senegalese agencies concerned that the Bank experts sought to influence, in a way favorable to their own views, Senegalese customs and ways of thinking. Referred to as the "expert mentality," the behavior of the Bank personnel in supervising projects financed by it is perceived as an attempt to impose analyses, concepts and philosophy options that do not take sufficient account of the country's own choices.

4. Slum upgrading: example of Fass Paillote

The Government agreed to the inclusion of a component termed "slum upgrading" in the site and services credit. Fass was selected hastily, before the land tenure situation and constraints in that area were properly taken into consideration.

Following a preliminary study by NEDECO in 1974, the upgrading project was revised by SMUH in 1977. As submitted to the Government, the conclusions of this second study pointed up the difficulties in carrying out such an operation in that area and it was decided to abandon the idea.

However, the Government did not go back on its agreement to try out the upgrading approach in other areas, although it let it be known that it wanted the sites selected to be "acceptable" in the context of the Cap-Vert master plan and expected the operations to be less costly than the site and services projects.

ATTACHMENT

Borrower Comments

October 3, 1983
E-348/84
French (Senegal)
OED ENMcM:jb

Republic of Senegal
Ministry of Planning and Cooperation

The Minister

Dakar, July 19, 1983
No. 3374/MPC/DFP/E1.

Mr. Shiv S. Kapur
Director, Operations Evaluation Department
The World Bank
Washington, D.C.

Subject: Completion Report of the Site and Services Project

Ref.: Your letter of March 14, 1983

Dear Mr. Kapur:

We have studied with great interest the completion report on the Site and Services project which you were kind enough to forward to us with your above-referenced letter.

Generally speaking, we share the conclusions of this report, which has the advantage of being an exhaustive balance sheet of not only the achievements but also the mistakes and problems involved in carrying out this operation.

For further programs of this type, we would recommend improvements in project design and a strengthening of the Direction des Parcelles Assainies (Site and Services Directorate).

I. Design of Site and Services Projects

Improvements needed in this area:

- (a) reduce the site size;
- (b) define infrastructure standards more flexibly;
- (c) widen the income range of the target population;
- (d) provide a system of housing loans more attuned to the target population.

Above all, in order to avoid the stresses and strains that incurred during this first experiment, the borrower should be allowed greater freedom of action in project design.

II. Strengthening of the Direction des Parcelles Assainies (DPA -- Sites and Services Directorate)

As you are aware, DPA is the executing agency for projects of this type. After ten years of coexistence with the Office des Habitations à Loyer Modéré (OHLM -- Moderate-Income Housing Office), the time has now come to consolidate the institutional gains achieved by DPA and increase its autonomy, so as to equip it to achieve its future goals.

To this end, increased attention needs to be paid to staff training, to increase their capacity in the fields of project study and design, programming of execution, and financial management.

The Bank could assist Senegal in this area through the Urban Sector Engineering credit.

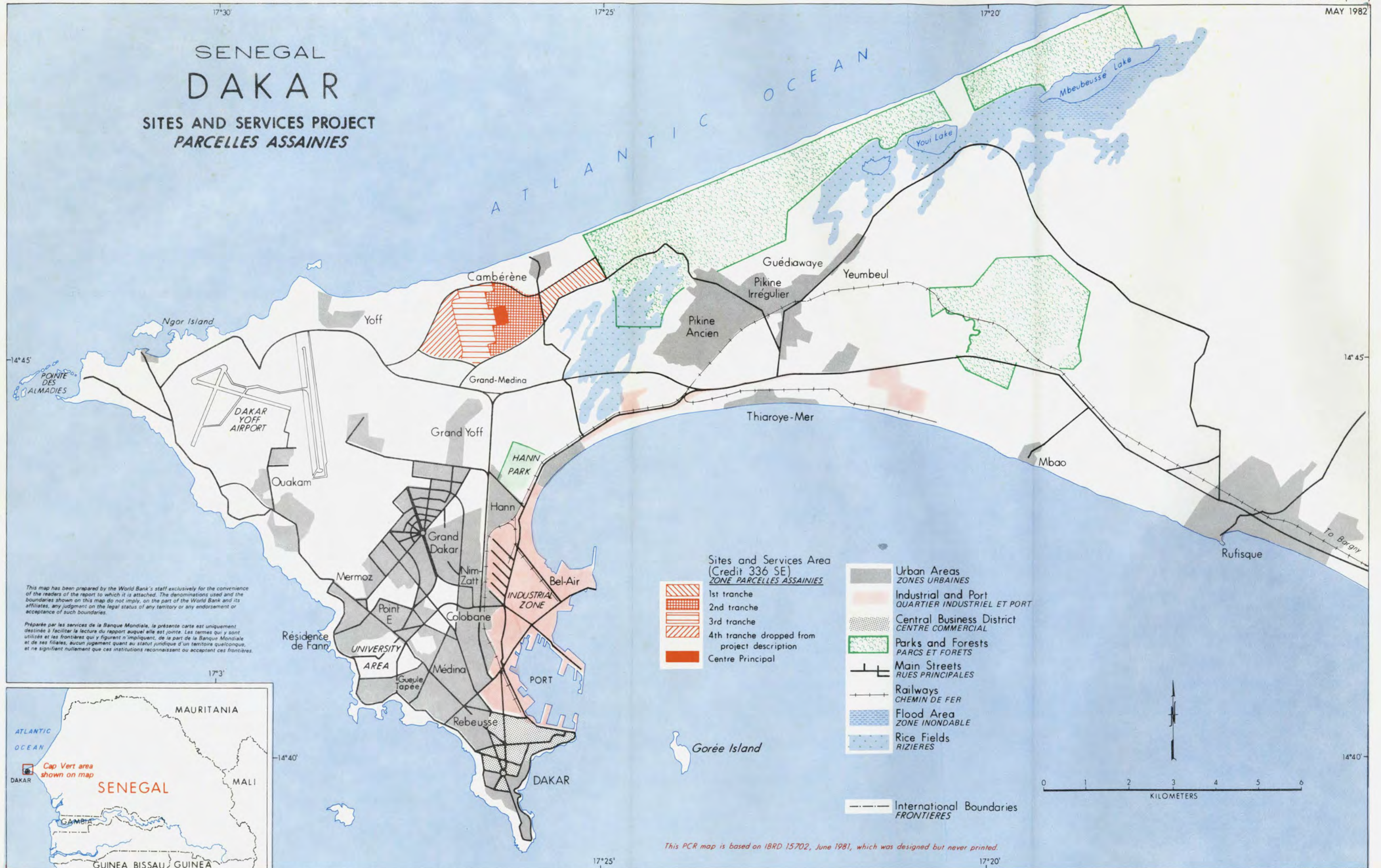
Lastly, we should very much welcome the opening of discussions as soon as possible between the World Bank and Senegal for a second Site and Services project.

Please accept the assurances of my highest consideration.

/s/ Cheikh H. KANE

SENEGAL DAKAR

SITES AND SERVICES PROJECT PARCELLES ASSAINIES

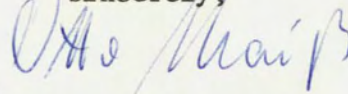


This map has been prepared by the World Bank's staff exclusively for the convenience of the readers of the report to which it is attached. The denominations used and the boundaries shown on this map do not imply, on the part of the World Bank and its affiliates, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.

Préparée par les services de la Banque Mondiale, la présente carte est uniquement destinée à faciliter la lecture du rapport auquel elle est jointe. Les termes qui y sont utilisés et les frontières qui y figurent n'impliquent, de la part de la Banque Mondiale et de ses filiales, aucun jugement quant au statut juridique d'un territoire quelconque, et ne signifient nullement que ces institutions reconnaissent ou acceptent ces frontières.

I am also sending a copy of the present draft report to the Ministries of Urban, Finance and Planning and to the OHLM.

Sincerely,



for Shiv S. Kapur
Director

Operations Evaluation Department

Attachment

PCR. Sites & Services

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234 • Cables: INTBAFRAD

Mr. Edouard E. Benjamin
Resident Representative
World Bank
B.P. 3296
Dakar, Senegal

March 14, 1983

Received 28 MARS 1983

Replied _____

NA _____ others _____

Dear Mr. Benjamin:

Re: Project Completion Report on Senegal
Sites and Services Project (Credit 336-SE)

The Operations Evaluation Department is an independently constituted unit within the World Bank Group. The functions of the Department include a review, shortly after completion of loan/credit disbursements, of the experience and results of all projects assisted by the Bank and the International Development Association. These performance audits are intended to evaluate the extent of achievement of project objectives, reasons for shortfalls or outstanding achievements, and the general effectiveness of the World Bank support for the lending operation. The audit focuses particularly on what the organization can learn from past experience.

The project completion reports constitute the primary document for the above process. These completion reports are prepared by the operating staff and, in a few cases, by the borrower in the first instance. Starting with the current financial year, this Department will not add to the completion reports for selected projects. The selection will be based on certain criteria and in the selected cases the project completion reports, together with any comments received from you, will comprise the evaluative document. The present project has been selected for such treatment.

We consider your views and comments as of critical importance to reaching balanced conclusions concerning this project experience. In addition to reflecting them in the conclusions of the project completion report, they will also be reproduced fully in the final report.

I would appreciate receiving any comments that you may have on the attached draft by May 23, 1983, so that they can be taken into consideration in formulating the final conclusions of the project completion report before it is distributed to the Bank's Executive Directors. Should you find the present draft report satisfactory and have no comments to make, I shall be grateful if you can inform me accordingly, preferably by cable. A copy of the final report, as distributed to the Executive Directors, will be sent to you for your information.

SENEGAL THIES SITES AND SERVICES PROJECT *PARCELLES ASSAINIES*

