



Senegal Urbanization Review

How can cities contribute to the “Senegal Emerging Plan”?

January 2015



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INTRODUCTION

This *Senegal Urbanization Review* was conducted between May and December 2014, at the initiative of the World Bank, as a contribution to the urban and municipal sector dialogue engaged with the Senegalese authorities.

This dialogue is inscribed within the framework of the Country Partnership Strategy (2013-2017) adopted in January 2013. This strategy is centered on a general principle: “Improving governance and increasing resilience” and is based on two pillars: (i) Pillar 1: increasing growth and creating employment, and Pillar (2): improving service delivery.

Urban development is at the core of the implementation of this strategy. Senegal’s urbanization rate had reached 50% a while ago and its economy is largely driven by urban centers (63% of GDP), especially Dakar which has become one of the main capitals of West Africa.

The World Bank’s initiated its first urban development project, the Sites and Services project in Senegal in 1972. The project had a determining effect on subsequent urban projects launched in the next twenty year period. Afterwards, the Bank executed several pivotal projects including the support to public works and employment projects which led to the creation of Senegal AGETIP in 1989, labor intensive projects in several urban centers, and the Urban Development and Decentralization Program (UDDP, 1997-2002) which accompanied the roll out of decentralization processes in 1996. This project had the particular effect of boosting municipal contributions to national investment efforts, specifically by re-launching municipal loans and initiating contractual agreements between the central state and local governments to improve infrastructure in the country’s main cities.

This Urbanization Review reflects on the emerging generation of urban development projects, while taking into account the new orientations and arising issues of Senegal included in the “Senegal Emerging Plan” (SEP) adopted in 2012. It is inspired by the logical framework of the World Bank’s Urbanization Reviews in its three pillars (Planning, Connecting, and Financing Now: Priorities for Cities, 2013)...

The objective is to create, within a limited time frame, an operational working document to share with the Senegalese authorities, and to complement with a subsequent Policy Note suggesting relevant projects in the sector.

The document is organized in four chapters:

Chapter 1: Urban Senegal

Chapter 2: The Economy of cities

Chapter 3: Urban planning and access to services

Chapter 4: Governance and financing of cities

EXECUTIVE SUMMARY

1. CONTEXT & ISSUES

The Urbanization Review aims to contribute to the efforts of the Senegalese government to elaborate and execute its new growth strategy for 2035. This strategy is explicated in the **Senegal Emerging Plan (SEP)** adopted in 2012¹. Its objective is threefold: (i) the structural transformation of the economy based on the development of regional potentials across the territory, (ii) improving livelihoods and reducing social inequalities, and (iii) strengthening security, stability and governance.

The contribution of the Senegal Urbanization Review is to assess the contribution of cities to the growth and modernization of the Senegalese society, and to highlight the principal challenges confronting Senegal in terms of urban development and local governance.

Historically, urbanization has constituted an important aspect of the country's economy and its public policies:

- Since its independence, Senegal has been one of the most urbanized countries in Sub-Saharan Africa, far ahead of the Ivory Coast, and Ghana. It owed this privileged position to the intimate links between agrarian development and urbanization which created a relatively structured and balanced urban hierarchy;
- In 1972, the World Bank decided to execute its first Sites and Services Project (1972-1981). Through the servicing of two sites in Dakar and Thiès, the objective of the project was to define the contours of a proactive sites and services policy extending infrastructure for housing development targeting the largest number of people.
- In 1989, with the support of the World Bank, Senegal created the first public works and employment agency (Public Works Implementing Agency) in Africa whose objective was to fight youth unemployment in cities through labor-intensive public works projects. This agency went on to set the mechanisms for delegated project operation which enabled other Senegalese cities to access international financing

In 1996, the Senegalese Government adopted new decentralization laws and launched, with Bank support, a city partnership program, the Urban Development and Decentralization Program, which materialized in City Contracts and the reinstating of municipal lending.

These policies have contributed to the stability and good governance, characteristic of Senegal today. However, they had little effects on sustainable local economic development: (i) municipal investment reactivated by the AGETIP and the MDA remained modest in volume due to insufficient reforms in terms of decentralization resulting both by lack of means and skills, (ii) leveraging real estate to finance urbanization was not applied because of challenges in terms of real estate legislation and lack of planning efforts; (iii) finally, the multiplication of project management agencies (AGETIP, MDA, AGEROUTE -the Agency for Road Management- APIX- the Agency for the Promotion of Investment and Large Scale Projects, among others) created institutional confusion in the urban sector which was already suffering from lack of medium and long term planning visions, and the weak capacities of municipalities.

¹ Prepared under the direct supervision of the President, along with a Piloting Committee headed by the Prime Minister. An Operational Bureau for the Follow-up of the SEP has been established to facilitate the implementation of the Plan

In December 2013, the adoption of Third Decentralization Act inaugurated a new stage with its own challenges for the urban sector of Senegal:

- The municipalization of the entire national territory and thus a radical rethinking of the meaning of “the urban sector” thus far defined as municipalities, and rural territories administered by rural communes. This entails proposing a new definition of the urban sector, taking into account the demographic and economic specificities of the sector (in comparison to the administrative definition adopted thus far in Senegal);
- The financing available to municipalities through intergovernmental transfers which had thus far targeted cities, but will presently need to be divided among all new incorporated areas. In addition, Dakar’s and Thiès’ own resources will have to be divided among all the county boroughs (*communes d’arrondissement*) now considered independent municipalities. These changes constitute a real risk because they tend to thinly spread the already limited investment capacities of cities, unless they are accompanied by measures seeking to increase the resources available for financing the urban sector;
- The themes of inter-municipal cooperation and solidarity put forward by Third Decentralization Act require the establishment of new mechanisms for territorial governance and financing, aligned with new demands put on cities to become more competitive while contributing to the growth of the entire nation. More specifically, the multiplication of the number of municipalities especially within the agglomeration of Dakar raises the question of efficient metropolitan governance. The same applies to the country’s hinterland, where inter-municipal has to be carefully incentivized

Consequently, it is expected that the Urbanization Review feeds into to the reflections launched in the frameworks of both the SEP and Third Decentralization Act, especially in highlighting the contribution of cities to broader development objectives.

Cities, and more specifically Dakar, are invited to play a major role in the implementation of this accelerated growth strategy. The characteristics of the Senegalese economy have already rendered Dakar the center of productivity of the country. Its weight within the sub-regional (Economic Community of West African States (CEDEAO) and the West African Economic and Monetary Unions (UEMOA)) and international contexts needs to be rethought and reconfirmed.

The emergence of competitive urban territories connected to their hinterlands constitutes a crucial challenge to reach a territorial development model which could be qualified, in line with the government’s vision, as balanced, inclusive, and solidary.

2. MAIN MESSAGES

The main messages of the Senegal Urbanization Review are the following:

- **In Senegal, the urban question is dominated by Dakar.** Dakar occupies only 0.3% of Senegal’s surface area, but concentrates 25% of the country’s population, 55% of GDP, 80% of firms and modern employment opportunities, and 87% of local finances. Dakar dominates Senegal’s urban hierarchy, benefiting from an outward looking national economy where the city concentrates most of the investments, and provides the most optimal environment for doing business. Poverty rates are 10 points lower in Dakar compared to the national average, despite sharp differences between municipal Dakar and the rest of the agglomeration which includes Pikine and Guédiawaye. The latter concentrate the country’s largest precarious neighborhoods, which have been populated by the most recent rural migration waves from inner regions but also nearby cities (including the closest cities of Thiès or Kaolack).
- **This reality is countered by the constant search for balance and equality across among the various regions of the national territory:** the 1994 National Master Plan focused on these principles, but did not identify means to implement them. Indeed, 50% of the Senegalese population remains rural, makes up the quasi-totality of the agricultural labor force but contributes only 15% of GDP. Two thirds of value added is generated in the services sector, principally urban and Dakarois; and the urban

hierarchy made of regional poles, industrial regional centers, tertiary centers, etc. and defined by the National Master Plan did not have any palpable effects. This warrants the revision of these guiding principles especially that the National Master Plan is currently being updated.

In addition, economic relations point to a certain resistance to turn Dakar, and more broadly urban centers, into engines of growth and well-being. The city is often considered as the space of emergence of new form of poverty because of lacking industrialization and the inability of the government to control price inflation, provide access to basic urban services, and generate sufficient employment opportunities. The economic role of cities, especially their spill-over effects on the rural hinterlands, is rarely highlighted.

- **International emigration (with a Senegalese diaspora of 3 million) affects principally Dakar (half of the 3 million expatriates are born in Dakar).** This high emigration rate testifies to the economic difficulties experienced in the country, and in its capital city. This situation has prevented Dakar from remaining the main destination of internal migration, including from cities situated less than two hours from the capital (Thiès, Diourbel et Kaolack). These migration flows added to the natural demographic growth of Dakar make urban management increasingly challenging. Consequently, investment efforts in Dakar have to be maintained, and the concern with a balanced development and the reduction of territorial inequalities should not be pursued against the fostering of a competitive capital city.
- **Large infrastructural projects² have stretched the border of greater Dakar, which now extends to the limits of the Thiès region and contribute to confirming the international role of the capital.** This rapid transformation is accompanied by updating the Dakar Master Plan (DMP) Dakar by the Directorate of Urbanism and Housing (DUH)³ whose boundaries are expanded to cover all of these new challenges. Furthermore, the National Urban Planning Agency (ANAT) is contemplating a regional plan structured around the triangle Dakar-Thiès-Mbour that opens new perspectives on synergies and development potentials across the territory. These documents could be supplemented by a reflection on the establishment of an appropriate governance framework able to respond to metropolitan issues including: transport, urban planning, housing, environment (coastal erosion, floods, protection of marshes, etc.), economic development, and the development of large infrastructure projects. The current situation is characterized by bifurcated decision-making (in 53 municipalities making up greater Dakar) and the multiplication of planning initiatives programmed according to the availability of financing, rather than a strategic vision. This may hinder Senegal's development prospects, and threatens the project of transforming the Presque-isle of Cap Vert, around the competitive agglomeration of greater Dakar. This is all the more important given the competition Dakar faces from other port capitals of West Africa such as Lagos, Abidjan, Cotonou and Conakry. Improving urban mobility, building investment friendly infrastructure and services, improving the environment for doing business, and the availability of skilled labor are all necessary if Dakar is to compete within the sub-region.
- **Efforts are extended inwards around three main areas development corridors: Dakar-Thiès-Touba, Dakar-Mbour-Kaolack and Louga Dakar-Saint Louis.** It is estimated that in 2050, three-quarters of 16 million urbanites will live west of the line Richard Toll - Touba - Kaolack, a region which will witness a very high demand in terms of housing and services. Current investment efforts are well targeted and reflect unfolding urbanization patterns. However, under these conditions, support for the towns and disadvantaged areas, located east of this line would require considerable effort: the development of the Senegal River, connecting the Casamance region to its environs, and developing the mining region of Kedougou, among others. The vision, developed in the 80s and 90s, which consisted of making all the regional capitals play the role centers of urban growth to counterbalance the preponderance of Dakar (cf. PGAT 1994) will probably require revision. Improving coverage in basic service delivery in these cities will remain a priority. Furthermore, spatializing public policies (regional programming of investments and the National Strategy for Social and Economic Development 2013-

² The new airport, the modernization of the Port of Bargny and Integrated Special Economic Zone of Dakar, the highway Dakar-Thiès, Pôle de Diamniadio, etc.

³ Support by Japan International Cooperation Agency (JICA)

2017) and establishing mechanisms to identify the development potentials of every city are, in this case, necessary.

- **The transport network between cities has succeeded in connecting most of the country's urban areas with the exception of Casamance**⁴. Programming interventions on the network is a function of traffic intensity, again mainly focused on Dakar and its immediate catchment area. However, that the lack of multi-modal connections road-rail-sea-air hinders the country's economic development, and consequently of inner regions. Thus, connecting areas of agricultural and mining production with the rest of the country and the sub-region has tended towards Abidjan, Lomé and Cotonou. The re-operation of the railway line between Dakar and Bamako, as well as the rehabilitation of seven regional airports planned by the SEP should have significant effects.
- **Improving housing is the main challenge in Dakar as well as across Senegal's urban centers.** The housing question is particularly important for Dakar where the housing gap is estimated between 150,000 and 200,000 housing units (including serviced lots), and more than 300,000 across the country. A lagging policy response has only aggravated the severity of the situation leading to a surge in informal housing which reaches 40% in the agglomeration of Dakar and 25% in inner cities⁵ (this translates into a total of 7,000 ha for all the major cities, 4,000 of which are in greater Dakar)⁶. In addition, the Ministry of Urbanism and Housing (MUH) estimates that only 30% of Senegal's cities are covered by a master plan for several reasons: (i) difficulties in elaborating the master plan's accompanying investment plans⁷, (ii) resistance to planned urbanism faced by elected as well as traditional authorities, (iii) priorities given to punctual rather than strategically planned investments. State subsidies, particularly housing subsidies, are ill-targeted. They benefit individuals with fixed employment or a regular source of income including civil servants. As a result, 80% of the housing stock is owner-built, generally on inadequately serviced lands.
- **However, constraints imposed on leveraging real estate to finance urban expansion inhibit housing improvement policies.** In particular, the 1964 Law pertaining to the national domain restrains urban expansion in the peripheries of Dakar and of the country's major cities. Levying taxes on land transactions is a strategic source for financing urban development and is certainly worth developing further in Senegal⁸. Since the dissolution of the SCAT-URBAM (the Central Agency for the Planning of Urban Territories) the main obstacle for housing production has been the absence of a single institutional entity mandated with real estate development, a responsibility currently shared among local governments and MUH. This is a crucial institutional dimensional especially that MUH has announced the creation of 35 Urban Poles by 2035, 5 of which are in the prioritized zone of Dakar – Thiès – Mbour. Given the importance of these sites, the complexity of potential planned investments, such as new cities requiring heavy investment in infrastructure, recourse to a single public planning agency seems necessary. However, it remains to be seen whether the government's preferred choice to maintain the current institutional structure whereby responsibilities are spread among the MUH, the DUH and several inter-ministerial steering committees is indeed a more appropriate policy choice. In May 2014, the government has set up the General Delegation for the Promotion of Urban Poles to mitigate coordination among these various institutions.
- **Combining the local development dimension of municipal governments with decentralization and planning in a single ministerial entity is a commendable effort.** Despite marked increases in recent years, local finances (including rural communes, districts and regions) represented 1.8% of GDP in 2011, 6% of government expenditures (1,5% of which are intergovernmental transfers) and 1.1% of the FBCF (Net Fixed Capital Formation). The human capital of local government remains limited, with little specialized technical services and responsibilities in terms of local development. As such, the central government and national concessionaires remains the main urban public investors, advocating

⁴ Casamance remains isolated from the rest of the country for several reasons including the absence of a bridge over the Gambie River

⁵ 2004 data. These percentages may seem small compared to 62% of urban Africans living in informal neighborhoods across the continent. The difference is probably due to the more or less restrictive definition of "informal settlements" in Senegal (land tenure, level of infrastructure and services, income level of the resident population)

⁶ Source: Right to the City Foundation

⁷ Due to the insufficient means of the MUH

⁸ The newly established partnerships with Morocco, in the area of housing and urban development, see the experience of this country in terms of its valuation of public land and its allocation among competing demands including high-income housing.

a coordinated approach and partnerships in terms of development policies. The contractual City-State agreements promoted by Senegal since the 1990s (and financed in the context of the UDDP and Local Authorities Development Program) should pave the way for new and innovative partnerships for local development. Their success hinges on reviewing the financing schemes of local investments, including loans and subsidies, and developing inter-municipal projects, especially in greater Dakar, on different terms than those adopted in the early 2000s for the Urban Community of Dakar (CADAK) and the Urban Community of Rufisque (CAR).

3. RECOMMANDATIONS

The recommendations and policy actions emerging from the Urbanization Review are:

Territorial Planning

- **The revision of the National Master Plan initiated in December 2014 by the ANAT (National Urban Planning Agency)** should be a basis for reflection on the spatial hierarchy of cities and their regional economies (Territorial Poles). It is expected that this will help clarify the definition of Territorial Poles and Urban Poles, the development of three strategic corridors, and connections to neighboring zones and catchment areas. These items allow a reconsideration of the urban hierarchy which emerged in the framework of the previous National Master Plan.
- **The finalization of the Regional Plan Dakar-Thiès-Mbour by the ANAT.** The said plan must be coordinated with the finalization of Dakar Master Plan of Greater Dakar (see below). This plan should be a model for the preparation of other plans with newly defined boundaries, given the disappearance of regions with the Third Decentralization Act. .
- **Updating the Dakar Master Plan SDAU Dakar**, engaged with the support of the Japan International Cooperation Agency (JICA). This Dakar Master Plan will be complemented by the elaboration of specific plans pertaining to strategic areas, allowing in particular: (i) to clarify the fate of the flood-prone urban areas of Pikine and Guédiawaye, (ii) to select which natural reserves to conserve in Niayes, (iii) to determine the Urban Poles at the eastern boundary of the Dakar region. These results must be coordinated with the Urban Mobility Plan of Greater Dakar.
- **Updating the planning documents of major cities.** This could be accompanied by a reflection on the content and scope of documents to be prepared; and the perimeters of planned areas could be reviewed to allow, if necessary, their adaption to inter-municipal coordination developed around some cities. These different elements imply a revision of the Urbanism Code.
- **The extension of the SEP exercise to the main cities and regions**, enabling an assessment of the economic importance of these areas and their contributions to the national program. The methodology remains to be established in coordination with the "urban audits" and the planning documents developed at the city level.

Territorial Gouvernance

- **Clarifying the division of powers between the different levels of intervention, including that of the state.** The Third Decentralization Act remains still fuzzy on this division of powers in Dakar and in inner regions. This will need to be clarified, in particular pertaining to sectorial funding and its division among different actors.
- **Strengthening municipal project management and operation.** The weakness of municipal project operation and management is one of the major constraints facing the urban sector (weak municipal technical services, low level of supervision, etc.). Significant training efforts still need expanded to strengthen these skills and make municipalities effective actors of urban development. This does not mean eliminating delegated project management but rather redefining its terms.

- **The development of inter-municipal cooperation mechanisms.** This development is part of the Third Decentralization Act III but needs to be clarified in content and scope including defining the various cooperative arrangements among municipalities depending on their objectives and implementation constraints. The exercise may take a different meaning in Dakar, where inter-municipal cooperation is already more or less in place at the city level as well as through CADAK and CAR, than in the country's inner regions where it has not yet been tested.
- **The revision of the 1964 law pertaining to the national/public domain.** The objective would be to facilitate peripheral urbanization, make land allocation procedures more transparent and limit land speculation. The revision of the 1964 Act is also needed in the context of the implementation of Third Decentralization Act, which with the full municipalization of the entire national territory, entails a natural land use transformation from rural to urban which necessitates its attendant procedures...
- **The establishment of a structure akin to the Urban Agency for Greater Dakar** responsible for metropolitan planning, ensuring coordination among development operations, major projects, investments in transportation, municipal projects, State and other local development actors. The "Urban Agency" is seen as a first step towards the gradual establishment of a metropolitan governance for Greater Dakar.
- **The establishment of a public developer** with sufficient powers and means to acquire and develop land for large housing projects planned in Dakar and in inner regions, and to promote these project to private developers while ensuring the financial viability of the projects, with the APILP taking on this role in the case of the development of business parks.

Financing Urbanization

- **The preparation of a Medium Term Expenditure Framework (MTEF) for the Urban Sector.** The objective would be to assess public resources (direct and indirect or incentivized) allocated to the sector in the last five to ten years (State, Local Authorities, Concessionaires, and Agencies), with an outlook for the next decade. This exercise would include a discussion of public expenditures across sub-sectors. It would not include private financing (although it is the major funding source in this case) of urban development; since the assessments of the latter could be carried out in addition to or in conjunction with other methods.
- **The regionalization of public policies.** It is a government's objective. Its successful achievement would entail the preceding implementation of a sectorial MTEF. It materializes with the addition of a new budget line in the state's Investment Budget, as well as the budget of various agencies and parastatal structures, and the establishment of monitoring. With the disappearance of the regions, the municipality, assumes once again, a key role in the spatialization of public spending.
- **Clarifying the terms of municipal finance and intergovernmental transfers from the state to local governments.** The Steering Committee of Third Decentralization Act has been thinking about improving municipal finances. Its orientations assess multiple scenarios and take into account the diversity in terms of fiscal potential encountered across the territory. The evolving policy of intergovernmental transfers raises several concerns: the funding of newly transferred competences, the evolution of earmarked investment funds, the indexing capabilities of these transfers, fiscal solidarity and equalization to be assessed in parallel with the impacts of these transfers on improving local government spending.
- **Identify operational solutions for the revival of sub-national lending,** as an extension of the experience carried out by the MDA between 1997 and 2009. These solutions must take into account the lessons learned from previous experiences in Senegal (Municipal Credit Court and the MDA) and other developing countries. The solutions include the use of the traditional banking sector supported by a new set of mechanisms, as well as opening up the possibility for Dakar to issue bonds (which is currently underway).