

# REVOLVING FUND FOR URBAN RENEWAL



INDIVIDUAL SAVINGS  
COLLECTIVE SAVINGS  
SUBSIDIES  
(IN THE FORM OF SEED CAPITAL)  
DONATIONS  
LOANS

**“With my savings group, we manage to help each other, our families and our neighbourhood.”**

*Astou Sembene, beneficiary of a reconstruction loan*

## CONTACT

urbaSEN 

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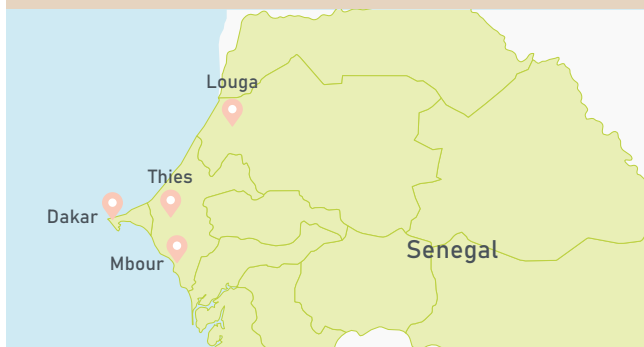
**The revolving fund for urban renewal is a financing tool created in 2016 for the savings groups organized within the Senegalese Federation of Inhabitants (FSH).**

It is managed by its technical support NGO urbaSEN and finances the rehabilitation of precarious housing in the suburbs of Dakar, income-generating activities (IGA) and community infrastructure and public space upgrading projects, through affordable loans for vulnerable populations.

The revolving fund is inspired by traditional solidarity practices («tontines» in French) which consist of contributing to a common fund managed by a group of people usually from the same neighborhood.

The money saved is entrusted in turn to each member of the group, thus contributing to the financial wellbeing of the families.

## LOCATION



16 municipalities in the Dakar region: Thiès, Mbour and Louga regions

## COMMUNITY BENEFICIARIES

**FSH**   
Fédération Sénégalaise des Habitants

2014  
20 savings groups

13'000  
people

96%  
are women

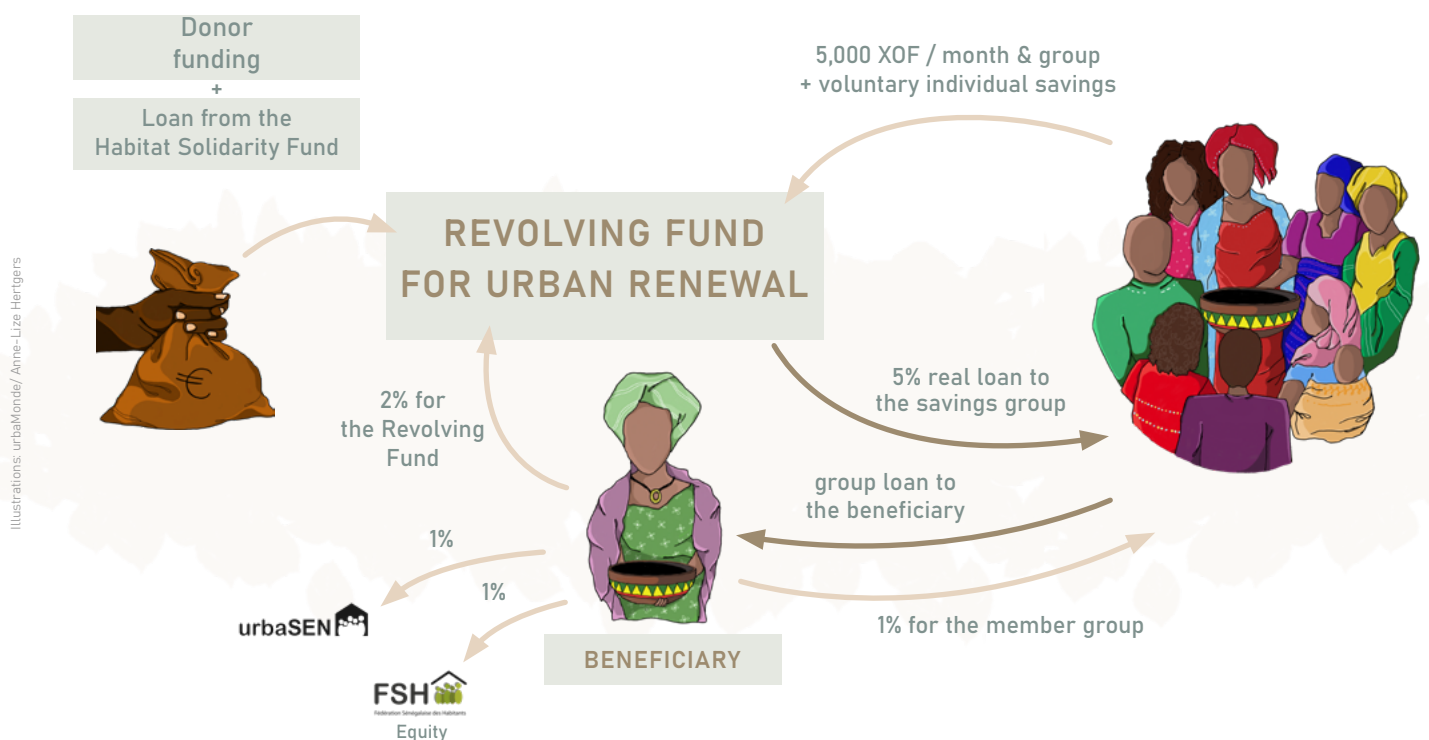
JUNE 2021  
517 savings groups

# REVOLVING FUND FOR URBAN RENEWAL - SENEGAL

Its goal is to allow access to affordable financing for vulnerable populations who are excluded from traditional banking and micro-finance institutions.

Indeed, more conventional financial products have excessively high interest rates and exclusionary conditions to access for target populations, most of whom exercise an informal activity (for example, the request for a financial guarantee or regular income from the formal sector).

The mutual aid and collective governance practices adopted by the FSH and driven by urbaSEN concerning the revolving fund strengthen the collective power of precarious households in the Dakar suburbs and other regions of Senegal. The FSH offers an affordable and social financing tool as well as a vision of development based on the empowerment of residents.



**TOTAL VALUE OF THE FUND** JUNE 2021  
324,503,742 XOF - 494,702 EUR

199,167,299 (303,628 EUR) are endowments, 87,253,500 XOF (133,017 EUR) are members' savings, 23,1 million XOF (35,063 EUR) is interest and 14,982,943 XOF (22,841 EUR) are deposits in solidarity accounts.

**AMOUNT LOANED**  
630,302,147 XOF - 960,889 EUR

for 683 housing renovation loans, 69 income-generating activities (IGA) loans, 1 community work loan.

**AMOUNT REIMBURSED**  
357,172,724 XOF - 544,510 EUR

**84%**  
repayment rate  
(loans repaid without any delay)

**5%**  
interest

**20 MONTHS**  
loan period  
(+ 1 month deferral)

1% for the member group  
1% for FSH funds  
2% for the Revolving Fund  
1% for urbaSEN

# REVOLVING FUND FOR URBAN RENEWAL - SENEGAL

## PARTNERS



The **Senegalese Federation of Inhabitants (FSH)** brings together grassroots community organizations, comprised of residents from precarious neighborhoods in the regions of Dakar, Thiès and Louga. Previously excluded from the formal banking system, these residents are faced with a major challenge: the rehabilitation of their houses and neighborhoods, which are sensitive to recurrent flooding. The creation of the FSH was inspired by other similar experiences from the SDI network, of which it is a member.



The NGO **urbaSEN** (local partner) created in 2009 is made up of committed urban professionals who support the FSH in its urban restructuring and housing renovation activities with the help of the revolving fund for urban renewal. UrbaSEN is supported by its strategic partner urbaMonde.



**UrbaMonde** (strategic partner) is a Franco-Swiss association which aims to increase the share of collaborative housing on a global scale, as an alternative to real estate speculation and by favoring ecologically responsible construction and the power of residents to act, whether as independents, or through federations and networks, at the local and international levels.

## FINANCIAL MECHANISM

**The revolving fund for urban renewal benefits from cooperation between France and Switzerland, savings from FSH members, interest rates, and solidarity deposits:**

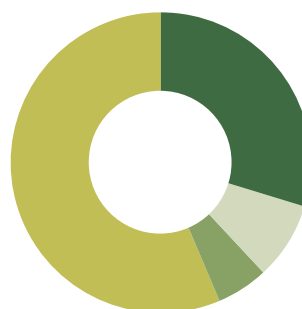
International stakeholders like French Development Agency (AFD); Swiss cantonal cooperation - Fédération genevoise de coopération (FGC) and the Fédération vaudoise de coopération (FEDEVACO) - and the Abbé Pierre Foundation in France contribute to the revolving fund for urban renewal thanks to seed funds, included in cooperation projects implemented by urbaMonde, urbaSEN and their partners (in particular GRET).

FSH member savings groups contribute 5,000 XOF (approximately 7,5 EUR) per group per month. So-called «housing» savings are collected on an individual and voluntary basis in order to finance access to decent housing for member households (for a total of 87,3 million XOF in June 2021). The 2% interest rates charged on each loan also contribute to the fund.

Solidarity deposits from the Habitat Solidarity Fund (FHaS) also feed the revolving fund (via a loan). This FHaS, a solidarity financing mechanism piloted by urbaMonde, makes it possible to finance the construction of collaborative housing thanks to deposits or donations from Swiss residents.

**TOTAL** JUNE 2021  
**324,503,742 XOF**  
494,702 EUR

**International endowment**  
199,167,299 XOF  
303,628 EUR



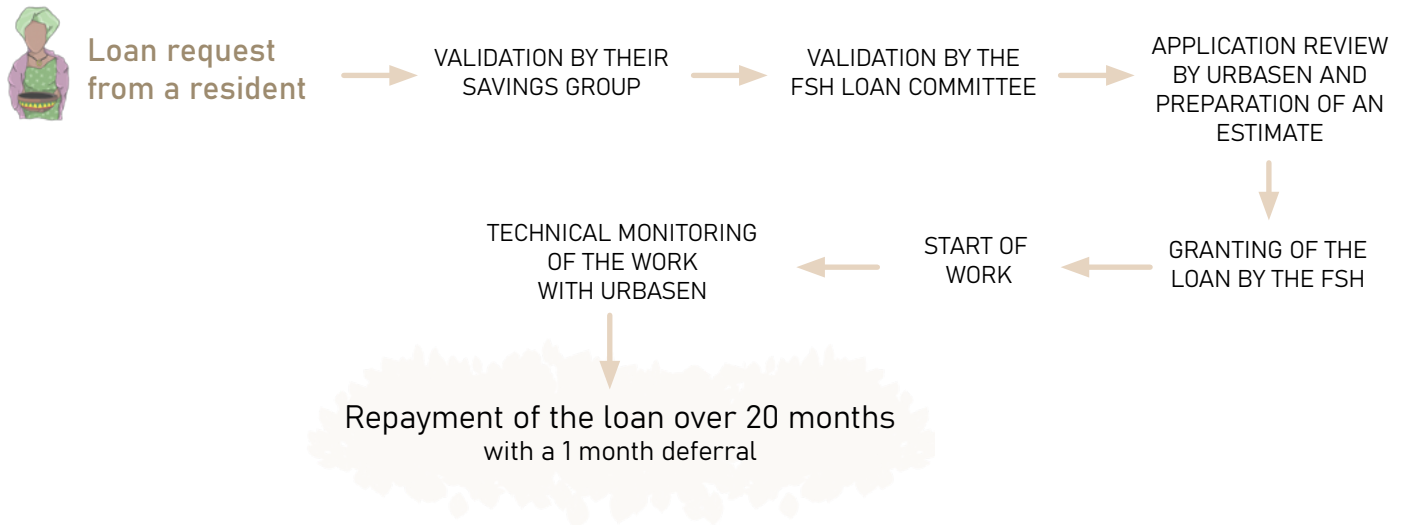
**Member savings**  
87,253,500 XOF  
133,017 EUR

**Interest**  
23,1 mio XOF 35,063 EUR

**Solidarity deposit**  
14,982,943 XOF 22,841 EUR

# REVOLVING FUND FOR URBAN RENEWAL - SENEGAL

## THE LOAN APPLICATION PROCESS AND RENOVATION PROJECTS



## REPAYMENT

**Loan repayment is the responsibility of FSH, who mobilizes its members on the importance of savings and peer-to-peer solidarity.**

The FSH credit committees, organized in each locality (Dakar, Thiès, Louga) play an important role in raising awareness and monitoring groups.

No collateral is required, but obtaining new loans is contingent on being up to date with group-level savings and repayment deadlines.

**The recovery rate is 84%** on all loans with notable differences: a significant part of the delays relate to loans granted in 2016 when the “rules of the game” were not always clear and the FSH was recently established. Delays in repayment usually do not result in defaulting on loans; the vast majority of beneficiaries continues to repay their loan.

## LOANS FOR WHAT PURPOSE ?

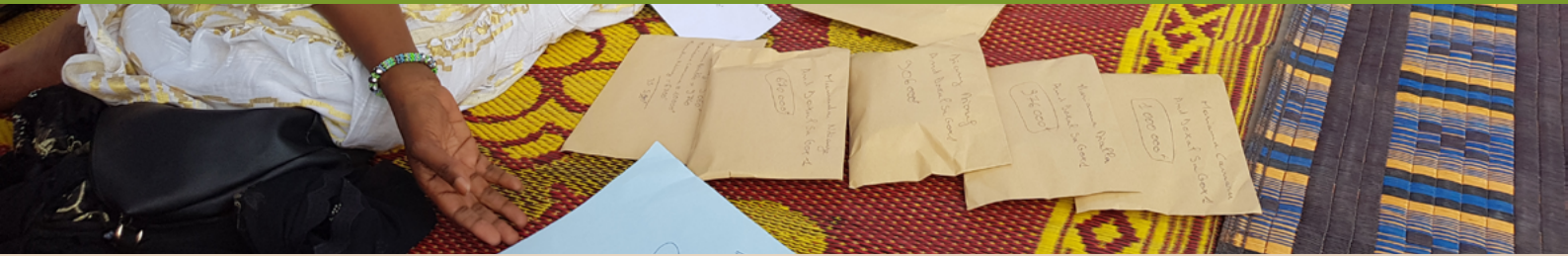
FSH members can apply for financial support through the revolving fund.

For housing rehabilitation projects on the land plot, the maximum amount is set at 1 million XOF (1,500 EUR); **the amounts granted for the realization of collective works depend on the number of groups and the type of work** (generally between 500,000 and 3 mio XOF - 762 and 4,573 EUR).

Loans intended for Income Generating Activities (IGA) of member groups may vary depending on the context (between 250,000 XOF and 500,000 XOF - 381 to 762 EUR).

Loans can also be used for **the development of collective projects in public space and housing construction buildings.**

# REVOLVING FUND FOR URBAN RENEWAL - SENEGAL



## PROJECT ACHIEVEMENTS

REHABILITATION	DEVELOPMENT OF IGAS	COLLECTIVE PLANNING OF PUBLIC SPACES	NEW CONSTRUCTION SITES
<p>Since 2016, the existence of the revolving fund has made it possible to <b>renovate 683 homes</b> (embankments, elevation, floor casting, roofing, plaster and carpentry, sanitation, extensions etc.) and significantly improve the living environment for <b>more than 6,000 people</b> in the suburbs of Dakar (as of June 2021)</p>	<p>In addition, the revolving fund allows support for the development of Income Generating Activities (IGA) by granting loans to member groups for the amounts of <b>250,000 to 500,000 XOF (381 to 762 EUR)</b>.</p>	<p>The revolving fund also finances <b>collective development projects, linked to flood management</b> (pumps, inlet grids, drainage, paving, footbridges, pipes, etc.) and the neighborhood upgrading. <b>These works are generally financed in the following way by:</b></p> <ul style="list-style-type: none"> <li>• public works management (municipalities) in the form of a subsidy: <b>25%</b>;</li> <li>• beneficiary groups and project leaders who are members of the FSH in the form of a loan from the revolving fund: <b>25%</b>;</li> <li>• the project through an investment grant: <b>50%</b>.</li> </ul>	<p>A <b>4 hectare</b> site is being purchased thanks to the revolving fund of the FSH.</p> <p>The land will be used for the FSH's housing project.</p> <p><b>150 housing units</b> as well as public facilities (schools, health clinics, spaces for leisure) are planned.</p>

As of June 2021, the fund made it possible to allocate 753 loans

including 48 loans during the period of Covid-19 following the exceptional endowment of the Abbé Pierre Foundation to support income generating activities for precarious households).

In January 2021, a community infrastructure project was co-financed and carried out in the municipality of Wakhinane Nimzatt (Guédiawaye).

Around ten additional community infrastructure projects will be implemented by 2022 in various municipalities in the suburbs of Dakar.

# REVOLVING FUND FOR URBAN RENEWAL - SENEGAL

## ROLES



UrbaSEN holds the revolving fund in a bank account. The NGO is responsible for its supervision and management. This technical support is essential for the management of the revolving fund for urban renewal and requires a relatively large investment of time, which cannot be financed by the interest rates collected on the loans. A database («urbabase») allows for monitoring each loan and its repayment status, as well as holding information on each beneficiary and construction site.



UrbaMonde supports urbaSEN in the management and administration of the revolving fund and pilots the development of the database.

This technical support is essential for the management of the revolving fund for urban renewal and requires a considerable investment of time, which cannot be financed by the interest rates collected on the loans.

## PERSPECTIVES AND LIMITS

On the side of investors and donors, the endowment of an urban poor fund such as the revolving fund for urban renewal means investing directly in vulnerable communities and sustaining the investment on the long term.

In spite of the affordable interest rates, the financing process and access conditions that were co-designed with the beneficiaries borrowing from the revolving fund remains inaccessible for the most vulnerable households. It is for this reason that the FSH and urbaSEN have decided to provide targeted support to these families: for instance, they implement sanitation projects that are grant-based and do not require the financial contribution of the beneficiary. These projects also target families that are not members of the FSH. A commitment that stands for the solidarity of the FSH with the community.

The social and technical support provided by urbaSEN and the costs associated with the management of the revolving fund are not self-financed through the fund. Consequently, the revolving fund must be backed by support programs (whether state financed or funded by international cooperation agencies and donors).

**Consequently, the revolving fund must be considered as an operation tool that promotes the social rights of vulnerable populations. It requires the integration with public policy and the backing of the various stakeholders in the field of sustainable urban development.**

**The sustainability of the revolving fund depends on the degree of cohesion and consolidation of the community organizations that sustain it, the careful and appropriate management and technical assistance provided by support actors, and on its successful integration with institutional frameworks and public policy.**