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The revolving fund: a community co-financing tool for urban development

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The Urban Renewal Revolving Fund is a solidarity-based and inclusive financing mechanism created to address two major challenges: the limited incomes and banking exclusion of vulnerable populations in Senegalese cities, and the lack of resilient urban infrastructure, decent housing, and access to essential services that these populations face. This financing tool, supported by the Senegalese Federation of Inhabitants (FSH) and its technical support NGO, urbaSEN, is inspired by the tontine—a traditional solidarity savings fund where a group of people, often from the same neighborhood, contribute. The funds saved are entrusted in turn to each member of the group, allowing them to improve their family economy or carry out specific projects. The repayment of the financial means provided is done according to the terms agreed upon by the group. By focusing this mechanism on housing and living environment needs, the revolving fund has, since 2015, enabled vulnerable populations to access loans for housing rehabilitation and to co-finance urban developments. The fund is managed by the FSH, which brings together community savings groups that have been promoting awareness, communication, and training on the right to housing and improving the living environment since 2014. Today, the FSH operates throughout the suburbs of Dakar and in the regions of Thiès (2019), Louga (2019), Ziguinchor (2022), and Fatick (2024), bringing together nearly 18,000 members.







The revolving fund empowers Senegalese municipalities and residents, fostering collaboration and improving access to financing for local development

The municipality of Djiddah Thiaroye Kao, located in the suburbs of Dakar, is predominantly composed of informal settlements and is home to more than 160,000 inhabitants. Housing in this area is primarily self-built incrementally, often using low-quality materials and without the supervision of qualified professionals. Being one of the most densely populated areas in the country, the municipality faces numerous social, economic, and environmental challenges. The lack of water and sanitation infrastructure leads to health problems, exacerbated by severe flooding.

In the context of particularly devastating floods in the late 2000s, residents organized to find solutions to issues related to housing and living conditions. This movement, supported by professionals from urban planning, social mobilization, and urban planning sectors, initiated the urban restructuring process in the municipality and led to the creation of the Senegalese Federation of Inhabitants in 2014. From the outset, special attention was given to providing access to financing for projects, structures, and activities that strengthen the members of the Federation. This led to the creation of the revolving fund.

During the same period (2013), the Senegalese government launched Act III of decentralization, delegating to municipalities the management, organization, and planning of their territories. However, this transfer of powers was not accompanied by the necessary means to technically and financially organize the structuring of municipal services. Already facing significant difficulties, municipalities struggled to implement Act III and therefore to provide residents with the quality services and infrastructure they desperately needed to improve their living conditions.

Municipal financial resources come primarily from state funds (local government equipment funds and endowment funds) available from the Public Treasury. However, these funds are managed collectively for all municipalities, resulting in very unequal access to resources and complicating the process of disbursing funds previously budgeted by municipalities. As a result, municipalities' responsiveness and ability to meet the needs of local populations are limited. Municipal resources are also supplemented by various taxes, but this remains marginal and does not allow for effective internal organizational management of the municipality, including the structuring of an annual budget and the long-term recruitment of human resources.

Thus, the development of the revolving fund is set within the broader context of the financial precariousness of Senegalese municipalities and the difficult access of vulnerable populations to traditional financing tools. It demonstrates the relevance of accessible citizen financing tools to overcome the challenges of mobilizing local public resources, a consequence of a legal and institutional framework that is ill-suited to the real needs of local authorities and their inhabitants. The fund thus serves as a vehicle for collaboration between residents and municipalities by mobilizing financial contributions from residents for local projects. It helps to legitimize their role in defining and implementing development and neighborhood projects.



“ The revolving fund in Senegal enables community-driven housing and infrastructure rehabilitation, enhancing local collaboration and co-financed development projects



Meeting of a savings group in the suburbs of Dakar, Senegal, Cheikh Sow 2021

The revolving fund mechanism is supported by a technical assistance system that ensures the quality of the work and its proper use: technicians conduct an assessment of the housing, neighborhood, or structures to be renovated and assist households in selecting artisans and monitoring the work at the parcel and neighborhood level.

The fund finances the rehabilitation of housing, the development of income-generating activities (IGA) by groups of residents, and the co-design and co-construction of semi-collective water and sanitation facilities (shared soak pits between a few families, water supply connections) and larger-scale public infrastructure (drains, inspection chambers, permeable paving, basins, manholes, green spaces, and rainwater infiltration areas, etc.).

At the scale of the municipality of Djiddah Thiaroye Kao (DTK), which has more than 100 member groups of the Senegalese Federation of Inhabitants (FSH), representing approximately 3,000 people, this system has enabled the rehabilitation of 408 houses, with about fifty construction sites still ongoing for various beneficiaries. Additionally, at the neighborhood level, several structures have been built through a co-design approach involving various stakeholders (elected officials, municipal focal points, the National Sanitation Office (ONAS), technicians, and residents).



Construction site inventory at an FSH beneficiary by urbaSEN Senegal, urbaSEN media team, 2022



In total, 3 water stops, 6 spillways connected to the existing network, 445 meters of pipeline, 6 circular inspection chambers, a surface gutter with permeable paving connected to the existing drainage system have been completed. The total budget for the works of 35,605,962 CFA was co-financed by the municipality (50%), the residents (5%), and subsidized by the project (45%). Across Senegal, more than 1,000 houses have been rehabilitated, and nearly 300 community structures have been built.

“ The revolving fund empowers residents, fostering participatory urban development and inspiring similar initiatives across West Africa, enhancing resilience and collaboration

The collective structures co-designed and co-financed by the residents concretely demonstrate the impact of the revolving fund as a tool for empowering the residents. Through their financial contributions, they are no longer merely beneficiaries of infrastructure built by other groups of actors, but are at the heart of the decision-making processes that define and produce these structures. The residents participate in territorial dialogue, which positively and sustainably improves the local situation and living conditions through better infrastructure. Moreover, the financial participation of the residents motivates their involvement in the proper management and maintenance of the structures. Specific management methods are defined for each type of structure, involving local resident groups and aiming to ensure their longevity.

These participatively implemented structures are the result of an integrated approach—social, environmental, and financial—that ensures their long-term replicability.

Community sanitation works in Senegal, Bénédicte Hinschberger 2023



Construction of a sump and a pit for a beneficiary in Senegal, Bénédicte Hinschberger 2023



Beneficiary of FSH Senegal, urbaSEN media team 2022



Community sanitation works in Senegal, urbaSEN media team 2023



This is further strengthened by the training activities for local artisans linked to the projects. These training sessions contribute to better structuring the local economic fabric and improving the quality of the structures and housing created. Combined with other flood mitigation measures (awareness-raising, information messages before the rains, construction of structural drainage works by public actors), they effectively increase the resilience of neighborhoods to climate risk.

Recently, this financing tool has inspired other organized resident federations in the West African sub-region. Similar mechanisms have been developed in Burkina Faso (2021) and Guinea-Bissau (2023), tailored to local needs and realities. Currently, representatives of these federations from different countries are working towards forming a sub-regional confederation with their neighbors to share knowledge, tools, and innovative methods for urban construction and financing.

“ The revolving fund improves living conditions in Senegal, promoting community-driven finance and fostering transparency between residents and local authorities

By improving the living conditions of approximately 150,000 residents in Senegal and granting 1 billion CFA francs in loans since 2015, the revolving fund has proven its relevance as a financial tool for enhancing the living environment of disadvantaged populations. The resident-driven nature of the tool and its recognition by local authorities ensure strong ownership and the expansion of its scope through resident awareness and the training of municipalities in developing participatory budgets to support these dynamics. All these innovations strengthen transparency and trust between local public actors and the population. Thus, the revolving fund stands as a strategic advocacy tool for the recognition of community finance by public actors and international donors and for strengthening the financial inclusion of populations.