OVERVIEW OF SENEGAL’S AGETIP MODEL FOR JOBS CREATION

CONFLICT PREVENTION AND PEACE FORUM (CPPF)

UNITED NATIONS OFFICE IN WEST AFRICA (UNOWA)

M. WADE
P.C.A/CHAIRMAN
AGETIP
mwade@agetip.sn
Web site: www.agetip.org
OVERVIEW OF SENEGAL’S AGETIP MODEL FOR JOBS CREATION

The Origins of AGETIP Senegal

In 1989, the Government of Senegal was confronted with very serious social and political unrest. Drawing upon experience in Bolivia, the World Bank helped the Government of Senegal put together an innovative employment program that would come to be known as AGETIP (Agence d’Exécution des Travaux d’Intérêt Public contre le sous-emploi). It consisted in delegating the delivery of public works construction activities to a new non-government entity.

Decision makers were aware that none of the existing public enterprises or government ministries could come up with a rapid and efficient solution and implement a high impact public works program. As thinking evolved, the solution was seen to delegate project responsibility to a specific non-public entity which would be in charge of the implementation of public works through smaller, more labour-intensive contracts. Clearly, the idea was to remove government from project execution while maintaining its involvement in project planning and budgeting. AGETIP was therefore based on the concept of “Delegated Contract Management” that can also apply to other sectors. The table below summarises the various options existing for national or local governments to provide public infrastructure and services. Delegated Contract Management appears as type E in this classification, an intermediate option between the full government-owned-and-operated systems, and complete privatisation.

Institutional Options
For the Provision of Public Infrastructure and Utilities

<table>
<thead>
<tr>
<th>Type</th>
<th>Ownership</th>
<th>Financing</th>
<th>Implementation</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Government</td>
<td>Government</td>
<td>Government</td>
<td>Direct undertaking by the concerned government department/agency</td>
</tr>
<tr>
<td>B</td>
<td>Public enterprise</td>
<td>Government</td>
<td>Public enterprise</td>
<td>Traditional Public enterprise</td>
</tr>
<tr>
<td>C</td>
<td>Government</td>
<td>Government</td>
<td>Public enterprise</td>
<td>Public enterprise with performance contract</td>
</tr>
<tr>
<td>D</td>
<td>Public enterprise</td>
<td>Public enterprise</td>
<td>Public enterprise</td>
<td>Corporatized public enterprise</td>
</tr>
<tr>
<td>E</td>
<td>Government</td>
<td>Government &amp; private</td>
<td>Delegated to private</td>
<td>Management contract or service delegation</td>
</tr>
<tr>
<td>F</td>
<td>Government</td>
<td>Government</td>
<td>Private contract</td>
<td>Contracting-out for specific works and / or services</td>
</tr>
<tr>
<td>G</td>
<td>Government</td>
<td>Government</td>
<td>Private</td>
<td>Lease. Rights to operate, maintain and collect revenue are sold to a private contractor</td>
</tr>
<tr>
<td>H</td>
<td>Government</td>
<td>Private</td>
<td>Private</td>
<td>Concessions. The contractor is also in charge of investment and replacement of fixed assets</td>
</tr>
<tr>
<td>I</td>
<td>Government/Community</td>
<td>Government/Community</td>
<td>Community/Private</td>
<td>Community involvement in ownership and financing</td>
</tr>
<tr>
<td>J</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private company has full responsibility for infrastructure provision and management</td>
</tr>
</tbody>
</table>
Objectives of AGETIP

Two main objectives were assigned to AGETIP:

- To generate a significant number of jobs, even if only temporary, for the growing unemployed by guaranteeing that an average of 40% of sub-project funds would be allocated for the salaries of day-laborers.

- To improve living conditions in poor urban neighborhoods by selecting investment projects with the great positive externalities, (e.g. improving road maintenance, creating garbage collection services, and clearing sewers and drains) and therefore satisfy certain basic needs that had been neglected as a result of economic adjustment and lack of public funding.

Other indirect but important objectives were:

- To strengthen the population of Small and Medium Enterprises, facilitate their access to the public works market, and improve their competitiveness by (a) building skills and improving the know-know of managers, foremen and workers through training and “learning by doing”, (b) paying them on a timely basis, so that they could, given their limited access to credit, meet payroll and materials costs, and (c) dramatically simplifying bidding procedures and publicizing bids.

- To extend the scope of high labor-intensive works (HIMO) implemented by locally-managed small-scale enterprises, demonstrate that they could perform effectively and efficiently, while having a substantial impact on employment, and thereby show that public works contracts need not systematically be awarded to large international or national firms whose capital-intensive techniques contributed only marginally to the reduction of unemployment and had limited capacity-building impact on the Senegalese economy.

- To restore some confidence in the relation between government and the general population through the implementation of economically and socially justified sub-projects with high impact/cost and visibility/cost ratios.

- To promote public-private-partnerships (PPP) and help to raise Corporate Social Responsibility Contributions to improve the social well-being of populations (mainly in Education and Health).

AGETIP was also designed with other significant goals that were not explicitly stated when it was launched: (a) promoting merit-based contracting by emphasizing transparency and efficiency, and ensuring that contracts be granted based on “what you know, not whom you know”, (b) putting pressure to hold prices down by stimulating competition between contractors and giving preference to smaller firms, while at the same time helping them gain skills.
Design, Organization and Operational Procedures of AGETIP

In order for AGETIP to carry out its mission, two pre-conditions were set forth from the beginning: (a) status as a non-government organization or equivalent, (b) ability to use simplified, expeditious and flexible procedures for sub-project bidding and contracting, as well as for financial resource mobilization, while maintaining a high degree of financial reliability and efficiency.

AGETIP continues to be a publicly-funded but privately-run non-profit agency, to which the government delegates project authority and contract management on behalf of municipalities or communities (“maîtrise d’ouvrage déléguée”. AGETIP receives funds from the government (mainly originating from donor agencies) in order to contract and supervise the execution of a public works program, composed of various sub-projects: (i) construction, rehabilitation or maintenance of basic infrastructures (e.g., roads, pavements, drains); and (ii) provision of services (e.g., garbage collection, health services). The final beneficiaries of these investments are generally municipalities and local communities.

AGETIP is responsible for managing the entire process of bidding and implementation. The process includes co-designing sub-projects with local municipalities and communities, publicizing contracts, contracting, supervising and commissioning works, and paying suppliers. It was patterned around systems in Germany and France, where it is called “delegated contract management”, and embodies a fundamentally different approach to public services --: instead of paving the roads and collecting the garbage, municipal and even national governments pay the private sector, who often does a better job for less money, to do it. One of the basic principles is to keep government put of direct project execution.

AGETIP operates in the context of a contractual, results-oriented relation with the government. It is committed to deliver the works contracted on behalf of the State, municipalities or local communities as a counterpart to the commitment of government to make the funds available and provide other means of operation. AGETIP is remunerated by a fee representing up to 5% of the value of works contracted. Operating costs are therefore limited to a maximum of 5% of public works budget.

The Agency’s operations and staff follow four key ethical/professional principles:

- Independence
- Impartiality
- Efficiency
- Cost-effectiveness
AGETIP is run by a General Manager and administered by a General Assembly. AGETIP is a private entity, with complete financial autonomy and independence in decision-making.

**AGETIP is accountable.** Since it receives and manages public funds, AGETIP is subject to various controls. Financial statements and administrative procedures are audited every year by an external accounting firm. A progress report is sent every two months to the Prime Minister, to whom AGETIP is contractually and directly responsible, and to the donors and other stakeholder groups.

A number of governance structures hold AGETIP accountable. These include the Board of Directors, which consists of municipalities, trade unions, and an association of employers. Donor agencies hold AGETIP accountable as well.

**Replicability.** AGETIP has been replicated in fifteen countries. These include Benin, Chad, Burkina Faso, Gambia, Madagascar, Mali, Mauritania, Niger, Togo, Burundi, Djibouti, Cape Verde, Guinea Bissau, Republic of Guinea, and Central African Republic. Congo and Gabon are preparing to start AGETIPs. All these agencies are linked in a network called AFRICATIP. AFRICATIP organizes meetings that have resulted in substantial cross-fertilization.

**Successes and some reasons why**
AGETIP-Senegal works with roster of about 300 consulting engineers and 2,000 small contractors, many of whom did not exist in 1988. The agency created some 450,000 temporary jobs. By 2003, 325 kilometers of urban roads had been rehabilitated, over 200 km roads paved, 565 km of drainage canals cleaned, 500 km water pipes installed, 220 km of public lightings fixed, 300 standpipes installed, more than 170 commercial buildings built for municipalities, 5,300 classrooms and 400 health posts built.

**Support to micro-enterprises**
In June 1992, AGETIP created a micro-credit department with a funding of the French Government (about 4.5 million usd )in DAKAR. This project called PAME (Projet d’Appui aux Micro-Enterprises de la Medina), aimed to provide:

a) Technical support to micro-enterprises through AGETIP, including: marketing, accounting, financial management, technical training and advice about financial matters for negotiations with Banks.

b) Short and medium term loans through the Senegalese banking system. Most of the loans come from CBAO, a private Bank which has agreed to open a window which caters to small to mid-size enterprises and from ACEP, a small financial institution initially created by USAID as an NGO, now a mutual credit institution making loans up to $ 6 000.

c) Support for the development of professional associations and organizations for micro-enterprises.

d) Equity for the development of existing micro-enterprises.
One third of the project funds ($1, 5 million) are devoted to technical assistance to micro-enterprises through AGETIP. The rest of the funds ($3 million) are managed by ACEP and CBAO to provide credit at subsidized rates.

The program has been rather successful so far. Up to now the program has financed 1332 private micro projects for USD 7 million and the repayment rate for loans has been over 96%. Furthermore 68% of the micro-enterprises that were financed were headed by women. While the project was initially launched in Dakar’s Medina, or Old City, it will be extended to the whole city, and its rural neighborhood.

The success of AGETIP-Senegal can be explained by a combination of important factors. First, the agency was designed as an efficient way of addressing some clearly identified critical issues – the same that many countries in the region face: rapid urbanization, deteriorating urban infrastructure, bloated and inefficient bureaucracy, growing unemployment, and increasing political and social discontent. Secondly, AGETIP benefited from a clear political commitment and strong support from beneficiaries and donors. The government was determined to try something new to deal with a crisis situation and did not interfere in the running of the agency. Success was also the result of new concepts and methods – private, results-oriented management, an entrepreneurial culture, and measures to keep the staff motivated. Recruiting AGETIP staff from the private sector helped instill a culture of meritocracy and efficiency.

Magatte WADE
Chairman of the Board of AGETIP
Tél: (221) 839 02 11 Fax : (221) 821 04 78 - BP 143 DAKAR (SENEGAL)
mwade@agetip.sn
wademagatte@hotmail.com
Web-side agetip: www.agetip.org