

AFRICAN DEVELOPMENT BANK GROUP



REPUBLIC OF SENEGAL

Combined Report of the 2010-2015 CSP Mid-Term Review and the 2012 Country Portfolio Performance Review

Regional Department West II
(ORWB)

Translated Document

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LIST OF ABBREVIATIONS AND ACRONYMS

| | | |
|--------|---|---|
| ACAB | : | Budget Support Framework Arrangement |
| ADB | : | African Development Bank |
| ADF | : | African Development Fund |
| ANSD | : | National Demography and Statistics Agency |
| APIX | : | National Agency for the Promotion of Investments and Major Projects |
| ARMP | : | Public Procurement Regulatory Authority |
| BCEAO | : | Central Bank of West Africa States |
| MTSEF | : | Medium-Term Sector Expenditure Framework |
| CSP | : | Country Strategy Paper |
| DGID | : | General Directorate of Taxation and Lands |
| DHS | : | Demographic and Health Survey |
| DWSSP | : | Drinking Water and Sanitation Sector Project |
| ECOWAS | : | Economic Community of West African States |
| ESPP | : | Economic and Social Policy Paper |
| ESS | : | Economic and Sector Study |
| EU | : | European Union |
| GAINDE | : | Automated Management of Information and Exchange |
| GDP | : | Gross Domestic Product |
| GEF | : | Global Environmental Fund |
| HDI | : | Human Development Index |
| ICT | : | Information and Communication Technology |
| IDB | : | Islamic Development Bank |
| IMF | : | International Monetary Fund |
| EPSI | : | Economic Policy Support Instrument |
| MDGs | : | Millennium Development Goal |
| MEF | : | Ministry of Economy and Finance |
| MTEF | : | Medium-Term Expenditure Framework |
| OMVG | : | Organization for the Development of River Gambia |
| OMVS | : | Organization for the Development of the Senegal River |
| PSPSP | : | Private Sector Promotion Support Project |
| ERSP | : | Economic Reform Support Programme |
| PD | : | Paris Declaration |
| PDS | : | Senegalese Democratic Party |
| PPIP | : | Portfolio Performance Improvement Plan |
| RGCP | : | General Regulation on Public Accounting |
| SIGFIP | : | Integrated public finances management system |
| SNDES | : | National Strategy for Economic and Social Development |
| TFP | : | Technical and Financial Partners |
| UA | : | Unit of account of the African Development Bank |
| USAID | : | United States Agency for International Development |
| VAT | : | Value Added Tax |
| WAEMU | : | West African Economic and Monetary Union |

CURRENCY EQUIVALENTS
(Exchange rate as of July 2012)

| | | |
|---------------|---|-----------------|
| Currency Unit | = | CFA Franc (XOF) |
| UA1 | = | CFAF 790.664 |
| UA1 | = | Eur 1.20536 |
| UA1 | = | USD 1.51755 |

FISCAL YEAR

1 January – 31 December

KEY DATES

| | | |
|--|---|-------------------|
| Review of report in relation to the new priorities of the Government | : | 27 September 2012 |
| Submission of report to Peer Reviewers | : | 01 October 2012 |
| Review of report by the Country Team | : | 23 October 2012 |
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| Board consideration | : | 08 March 2013 |

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EXECUTIVE SUMMARY

1. The 2010-2015 Senegal Country Strategy Paper (CSP) was approved by the Boards of Directors in December 2010, in a context marked by the country's assertion of its ambition to achieve emerging economy status.
2. Due to the persistent load-shedding during the first nine months of 2011 and the rainfall deficit in the fourth quarter of 2011, the growth rate for 2011, originally projected at 4% of GDP, was revised downward to 2.6%. Economic growth in 2012, projected at 3.7% in an external context marked by the economic slowdown in Europe and the Malian crisis, is expected to increase slightly to 4.3% in 2013.
3. The outcomes at mid-term show overall that the implementation of the strategy was generally satisfactory. The overall 2012 portfolio rating of 2.49, on a scale of 0 to 3 reflects a positive trend since 2011 and a strengthening of the trend since 2009 (rated 2.01).
4. The Prime Minister's general policy statement before Parliament on 10 September 2012 confirmed that the priorities of Senegal's new government comprise robust, sustainable and inclusive growth and more equitable development throughout the national territory, coupled with the emergence of dynamic regional development poles, revival of the agricultural sector, consolidation of the energy sector, good governance, and business climate improvement.
5. To achieve sustainable natural resource management, the Government's environmental policy aims to promote rational management of natural resources and effectively combat the harmful effects of climate variability and change, which are factors escalating poverty and the population's vulnerability.
6. Employment, especially for young people and women, remains a major challenge for the new authorities. They are focussing efforts on mobilizing all stakeholders (private sector, civil society and TFP) to reduce unemployment among the youth and women in particular, and enhance their employability. Indeed, only six out of ten potentially active persons are actually on the labour market now. Moreover, Senegal will face an additional demand of about 202,000 new job seekers each year.
7. In view of the foregoing, the choices made by the new authorities and the orientation of the Bank's Long-Term Strategy have led to changes in the pillars as follows: (i) support for inclusive growth through diversification and economic integration; and (ii) sustainable management of natural resources (including water) and resilience. These are not radical changes; they rather represent a continuation, mirroring the passage from the ESPP (2010-2015) to the SNDES (2013-2017).
8. The Boards of Directors are invited to consider the outcomes of this Mid-Term Review of Senegal CSP 2010-2015 combined with the Review of the Bank's 2012 Portfolio for the Country.

I. INTRODUCTION

1.1 The Senegal 2010-2015 Country Strategy Paper (CSP), approved by the Board of Directors in December 2010 in a context marked by the country's ambition to achieve emerging economy status, is based on two pillars: (i) improving the business environment and the economic diversification support framework; and (ii) contributing to the strengthening of national and regional infrastructure. It is consistent with the Bank Group's 2008-2012 medium-term strategy, particularly its central pillar, infrastructure development. Furthermore, the CSP adopted in 2010 addressed Senegal's concerns contained in the Economic and Social Policy Paper (ESPP 2011-2015), in particular: (i) creating economic opportunities and wealth for the promotion of productive employment and structural transformation of the economy; and (ii) strengthening the fundamental principles of good governance and the promotion of human rights. With the democratic change of March 2012, the ESPP (2011-2015), updated to reflect the new Government's concerns, was renamed the National Strategy for Economic and Social Development (2013-2017) (SNDES). The SNDES that was politically validated on 7 November 2012 replaces the ESPP and thus becomes the new reference framework of interventions for Senegal's technical and financial partners. This SNDES is not introducing any radical changes; rather a continuation.

1.2 The mid-term review of the Bank's strategy coincides with the election of a new President of the Republic and a democratic change of Government, following the presidential elections of March 2012 and the finalization of the SNDES. In order to better meet the country's needs, the conclusion of the CSP mid-term review dialogue mission, fielded from 4 to 15 June 2012, had to await the parliamentary elections in July 2012 and the Prime Minister's policy statement delivered on 10 September 2012 before the new Parliament. The choices made by the new authorities have led to the following changes in the CSP (2010-2015) pillars: (i) support for inclusive growth through diversification and economic integration; and (ii) sustainable management of natural resources (including water) and resilience. These pillars of the reviewed CSP are in line with the National Strategy for Economic and Social Development (2013-2017). Pillar 1 of the reviewed CSP is in line with SNDES thrusts 1 and 3 concerning, respectively: (i) Growth, productivity and wealth creation (employment, development of SMEs/SMIs, infrastructure and food security); and (iii) Governance, institutions, peace and security (economic and financial governance, regional planning and local development, promotion of gender equity and equality). Pillar 2 is in line with SNDES thrust 2 (ii) Human capital, social protection and sustainable development (drinking water and sanitation, environment, natural resource management, and risk and disaster management), and with thrust 1. The new pillars are also in line with the Bank's long-term strategy (LTS 2013-2022) objectives, particularly inclusive growth and transitioning to green growth. As in the case of the SNDES, the new pillars represent a continuation, rather than a radical departure from the initial CSP.

1.3 The primary objective of this exercise is to analyse the extent to which the mid-term objectives set by the Bank and Senegal have been achieved, assess the portfolio performance, draw mid-term lessons and present the Bank Group's strategy for the remaining period.

1.4 The rest of the report is structured as follows: (ii) recent developments; (iii) CSP implementation and outcomes; (iv) country portfolio performance review; (v) experience and lessons learned from the CSP implementation at mid-term; (vi) the Bank Group's strategy for the remaining period of the CSP; and (vii) conclusions and recommendations.

II. RECENT DEVELOPMENTS

2.1 Political Developments

2.1.1 **On the political front**, the free and transparent presidential elections held in March 2012 brought President Macky Sall to office with 65.80% of the votes, compared to 34.20% for former President Abdoulaye Wade, and this is a successful example of democratic change. In April, the Head of State appointed as Prime Minister Mr Abdoul Mbaye, who formed a new government. The Benno Bokk Yaakaar (BBY) coalition of the presidential camp emerged as winner of the legislative elections of 1 July 2012 with 119 seats out of 150 (79%), including 65 to the Alliance for the Republic (APR), President Macky Sall's party. Of the 31 seats won by the opposition, 12 are held by the Senegalese Democratic Party (PDS), the former president's party, and 4 by PDS dissidents. With the parity law (2010), the representation of women has almost doubled, from 22% in the previous Parliament to approximately 43% in the new one.

2.1.2 Concerning security, the new authorities have opted for a regional approach to resolving the conflict in Casamance through greater involvement of Gambia and Guinea Bissau. Moreover, the socio-political instability in Mali heightens the terrorist threat to Senegal.

2.1.3 The Prime Minister's general policy statement¹ before Parliament on 10 September 2012 stressed "the overwhelming desire of the women and men of Senegal for change, their aspiration to be governed differently, based on rigor, sober reflection and ethics". That is why the vision of the Head of State that "crystallizes the hopes and expectations of the people of Senegal has been forged in contact with the hinterland and in response to the social unrest and numerous divisions afflicting Senegalese society".

2.1.4 According to the Prime Minister's general policy statement, Government action will mainly involve the following strategic options: (i) strengthening the foundations of democratic, transparent, more rigorous and more efficient governance, based on meeting the priority needs of the people and fighting social injustice; (ii) boosting decentralization and territorialisation of public policies to give greater impetus to local development; and (iii) ensuring sturdy, sustainable and inclusive growth. The general policy statement thus confirms that among the priorities of the new Government of Senegal are sturdy, sustainable and inclusive growth and a more balanced development of the territory, with the emergence of dynamic regional development poles, the revival of the agricultural sector and the consolidation of the energy sector. In addition, President Macky Sall's inaugural speech, backed by the Government's general policy statement, clearly states the political objective for sustainable, inter-dependent and shared growth, for young people and women and within the context of rural development. The alignment of the Bank's strategy with this new national policy, taking into account the LTS (2013-2022), requires a restructuring of the pillars of that strategy.

2.1.5 The measures decided by the new Senegalese authorities include continuing and strengthening reforms, particularly in the areas of public finance and business climate improvement to diversify the economy, and promoting SMEs.

2.1.6 At the sector level, the Government is aware that agriculture, which is the dominant activity of the primary sector (50% of primary sector GDP), is an essential tool for wealth creation and sustainable food security. However, the agriculture is largely rain-fed and the

¹ Excerpts from the Prime Minister's general policy statement, 10 September 2012.

significant rainfall deficit in recent months has demonstrated the vulnerability of this sector to the impacts of climate variability, and therefore the need to enhance the sector's climate resilience. For the authorities, the strengthening of infrastructure (energy, transport, water and sanitation), which are key areas for the integration of the economic fabric, should enable rural development to go hand-in-hand with the promotion of SME/SMI (90% of Senegalese enterprises, 20% of GDP and 40% of employment), and support other economic activities.

2.1.7 In Senegal, the electricity access rate² is only 50%. It is about 80% in urban areas, but only 24% in rural areas. Average annual electricity consumption is less than 200 kWh per person. Electricity production is 90% thermal, using mainly liquid petroleum products. Senegal's average tariff of USD 22 cents (CFAF 113) per kWh is still high, compared to USD 13 cents, the average of sub-Saharan Africa, and is three times that of South East and Central Asia and Latin America and the Caribbean, which is USD 7 cents. Private sector competitiveness is thus highly penalized. Energy problems have therefore cost Senegal a loss of one point of GDP growth per year over the past two years. Such a constraint has a negative impact on job creation and poverty reduction. This is why the Bank remains active in the energy sector in the reviewed strategy. Indeed, apart from the Kounoune power plant (67.5 MW), which currently accounts for 16% of electricity production in Senegal, that of Sendou (125 MW), when it starts operating, will provide 925 GWh or (40%) of the electricity production in Senegal. Similarly, the OMVG projects will help solve the country's energy problems. The rural electrification project will entail 11,826 connections in rural areas. The new law on renewable energy and its implementation decree reflect the Government's commitment to sustainable solutions for the energy sector. The Bank will also support the Government in renewable energy (cf. § 4.1.2; 4.2.4; 6.2.3 and 6.2.4 and Annex 2 for details).

2.1.8 In this quest for sustainable development, the Government's environmental policy aims to promote sound management of natural resources and effectively combat the harmful effects of climate variability and change, which are factors escalating poverty and vulnerability of the population. Indeed, like other countries, Senegal is suffering the consequences of climate change. Most affected are water resources, forest resources, agriculture and the coastal areas. The climate vulnerability is manifested by an increase in flooding and coastal erosion as well as loss of agricultural and forest lands due to desertification (estimated at 5 % of agricultural potential). In response to these changes, Senegal in 2006 developed a National Action Plan for Adaptation to Climate Change (PANA) which is supported in particular by the United Nations, the World Bank and the African Development Bank. Several ADB projects are underway in this context, such as PAPIL jointly financed with IDB, PADERCA, PROGEBE jointly financed with GEF, and other projects envisaged (e.g., Sahel Resilience Project).

2.1.9 Employment, especially for young people and women, which is an important determinant of social inclusion, remains a major challenge for the new authorities, despite the numerous initiatives taken in that regard in recent years. The Government is therefore committed to giving new impetus to employment creation. To this end, it is striving to mobilize all stakeholders (private sector, civil society and TFP) to reduce unemployment among young people and women and promote their employability. According to the interim report (2012) of the Follow-up Survey on Poverty in Senegal (ESPS-II 2010-2011), the economic activity rate stands at 60%³. According to 2006 statistics, the unemployment rate was 10% on average, but higher among young people (14.8%, compared with 8.1% for adults) and women (14.1%, compared

² Number of households electrified, out of the total number of households in the country.

³ This finding points to a 40% inactivity rate.

with 8.3% for men). Analysis of the findings of ESPS-II will provide updated statistics on unemployment. Pending updated unemployment data, the downturn in economic growth recorded in recent years is seen to signal a deterioration of the employment situation in Senegal since the 2006 survey. In addition, the average annual number of new potential job-seekers in the coming years will be approximately 202,000⁴, against job creation opportunities that are few and far between.

2.2 Economic and Social Developments

2.2.1 Due to the persistent load shedding during the first nine months of 2011 and the rainfall deficit, the growth rate for 2011, originally projected at 4% of GDP, was revised downward to 2.6%, compared with 4.1% for 2010. This rate remains below the Government target of 7% stated in the Accelerated Growth Strategy. The impact of the energy crisis and climate variability on GDP calls for green growth that is resilient to the impacts of climate change and able to promote accelerated and sustainable growth that may in turn generate new economic opportunities. The Senegalese economy is dominated by the tertiary sector (60.6% of GDP), followed by the secondary sector (23.5% of GDP) and the primary sector (15.9% of GDP). Economic activity in the first quarter of 2012 was marked by a difficult pre-election context and socio-political tension in Mali and Guinea Bissau. However, due to the relatively buoyant activity in the non-agricultural sector, growth is expected to reach 3.7% for 2012. Inflation stood at 3.4% in 2011, slightly above the community standard (3%), due to imported inflation (food and energy products, transport). It was, however, significantly reduced to 1.5% in the first half of 2012, thanks to measures taken by the new authorities to limit the hike in essential commodity prices. As a measure to mitigate the effects of the global economic crisis on the region, the Central Bank of West African States (BCEAO) decided in June 2012 to lower its key interest rates by 25 basis points. This has helped to reduce the repurchase agreement rate from 4.25% to 4%.

2.2.2 As regards **public finance**, the overall budget deficit (including grants) worsened, recording 6.5% in 2011 against 5.2% in 2010, due to the sustained increase in public expenditure in infrastructure in the context of implementation of the **energy and transport sector revival plan**. The new authorities have taken measures to reduce the deficit, including cuts in current expenditure of about 0.4% of GDP, the postponement of certain non-priority public investments estimated at 1.2% of GDP, reducing the number of ministries from 37 to 25⁵, the rationalization of agencies and the abolition of the Senate. The external debt estimated at 38% of GDP in 2011, compared with 34.4% of GDP in 2010 is sustainable and within the WAEMU limit, which is 70% of GDP.

2.2.3 **On the external front**, the current account deficit (including grants) deteriorated from 6.1% of GDP in 2010 to 8.7% of GDP in 2011, mainly due to the trade deficit arising from the increase in the value of imports (13%) over exports (10.5%). The increase in imports resulted from soaring prices of oil (30.6%) and food (31.8% for rice and 68.1% for wheat). The increase in exports reflects improvements in external sales of cement, phosphoric acid and groundnut products in particular. The deterioration of the current account has been exacerbated by widening deficits in net services (CFAF -21.5 billion or approximately 33%) and net income (CFAF -14.4 billion or approximately 24%) in 2011, compared with 2010. The initial effects of the Malian crisis on the Senegalese economy were reflected mainly by a decline of about 17%⁶ in exports

⁴ ANSD quoted by SNDES (2013-2017).

⁵ The number of ministers rose to 30 including 2 ministers delegate (without portfolio) after the legislative elections.

⁶ National Statistics and Demography Agency

from Senegal to Mali between June and July 2012. Compared to the first seven months of 2011, exports from Senegal to Mali fell by about 6.5% in the first seven months of 2012. Cement and petroleum products were the most affected. In the same period, exports from Mali to Senegal fell by about 85%.

2.2.4 Regarding procurement and use of the national system, despite attempts by the previous Government to revise the Public Procurement Code to exempt certain contracts referred to as “secret”, the findings of the evaluation of the national system made by the Bank in 2011 show that Senegal’s national procurement system and procedures are, to a large extent, generally satisfactory. The national procurement system will therefore be used in national tenders for new Bank projects subject to some differences that will be covered by loan agreements or, where appropriate, by a Government review of the provisions of the public procurement rules, in consultation with technical and financial partners. The Bank will support the Government during the period covered by the CSP in order to maintain a high level of public procurement performance, foster the proper management of public funds through open, fair and transparent access, particularly by SMEs, to public procurement.

2.2.5 With regard to regional integration and trade facilitation, Senegal is a member of several sub-regional organizations such as ECOWAS and WAEMU. The country has ratified and fully applies 83% of the protocols and conventions of these two organizations (43 out of 53 for ECOWAS instruments and 7 of 7 for WAEMU). It allocates significant resources to regional integration projects and programmes. Furthermore, the country does not owe arrears in counterpart funds for multinational projects underway in Senegal.

2.2.6 From the social standpoint, the outcomes achieved for the period 2010-2012 are mixed. According to the Human Development Report (2011), Senegal ranks 155th out of 187 countries, compared with 144th out of 169 countries in 2010. Additionally, according to provisional findings of the Senegal Poverty Monitoring Survey (ESPS-II 2010-2011) produced in September 2012, the proportion of people living below the poverty line was 46.7% in 2011, compared with 48.3% in 2006, a decrease of 1.6 percentage points. However, the number of poor people has surged from 5.7 to 6.3 million, a relative increase of about 11% over the period 2006-2011. In the health sector, according to the preliminary findings of the fifth edition of the Demographic and Health Survey (DHS-V 2011), the infant/child mortality rate (children under five years) declined from 121‰ in 2005 to 72‰ in 2011. AIDS prevalence in the total population has remained stable at around 0.7%. In the education sector, the gross enrolment rate improved from 92.5% in 2009 to 94.4% in 2010. However, the elementary school completion rate decreased slightly from 59.6% in 2009 to 59.1% in 2011, reflecting weak internal efficiency in elementary school.

2.2.7 With regard to gender, UNDP ranked Senegal 114th out of 187 countries for the gender inequality index in 2011. This index reflects the disadvantage suffered by women in the three dimensions considered, namely reproductive health, empowerment and the labour market. Contrary to what is observed in other countries, the gross enrolment rate of girls was higher than that of boys in 2010 (estimated at 98.7% against 90.3%).

Box 1: Contribution of women entrepreneurs to the national economy

The study on women entrepreneurs' contribution to GDP conducted in March 2012 by the Ministry of Microfinance and Women's Entrepreneurship shows that:

- The share of GDP attributed to women increased from 20.04% in 2001-2005 to 22.8% in 2006-2010;
- 62% of women are in trade, about 17% in agribusiness and 13% in craft production;
- The National Fund for the Promotion of Female Entrepreneurship (FNPEF) distributed about CFAF 2.6 billion for 888 projects, that is, nearly CFAF 3 million per project. This funding has made it possible to consolidate 1,942 jobs;
- The Microfinance Promotion Fund distributed CFAF 791 million to 835 women, that is, nearly CFAF 950,000 per person.

2.2.8 **In terms of outlook**, economic growth in 2012, projected at 3.7% in an external environment characterized by economic slowdown in Europe and the crisis in Mali, is expected to increase slightly to 4.3% in 2013. This increased activity would be driven primarily by the completion of major power and highways projects, the continued revival of the agricultural sector, the implementation of the Grande Côte (zircon) heavy minerals project and the Golouma and Massawa gold mines projects, as well as the start-up of projects funded by the Millennium Challenge Account. The overall budget deficit (including grants) would stand at 5.9% in 2012; the level would have been 8% without the efforts to reduce State scale of expenditure and conduct of affairs and a deferral of certain non-priority capital expenditures. The factors accounting for the budget deficit in 2012 include primarily energy prices support (CFAF 150 billion, 2% of GDP) and aid to drought victims. The budget deficit should be reduced to 4.9% of GDP in 2013 with a target of 4% in 2015. The Prime Minister stated that energy subsidies will be reduced and better targeted in future. The projected inflation rate for 2012 of 2% remains below the 3% limit of the WAEMU convergence criteria. The external current account deficit is expected to reach 9.2% of GDP in 2013, mainly due to the trade deficit. For the medium term, the main challenge is to achieve sturdy, sustainable and job-creating (inclusive) growth. To this end, the State has a major role to play in the development of basic infrastructure and the implementation of reforms to improve the business environment and create sustainable jobs.

2.2.9 The new authorities should pursue tax reforms with the introduction of a new Tax Code that will come into effect with the 2013 budget. As far as public procurement is concerned, the biggest challenge remains that of continuing the alignment of the Public Procurement Code in its entirety and reducing the use of the direct negotiation procedure in public procurement at adequately low levels, in accordance with WAEMU standards, and in an effort to promote SME access to public procurement and achieve inclusive growth that is also driven by the private sector.

III. CSP IMPLEMENTATION AND OUTCOMES

3.1 Implementation Status at Mid-Term and Context

3.1.1 Of the nine national public operations planned under the 2010-2015 CSP, four operations totalling UA 42.62 million were approved for the period 2010-2012(mid-term). The improvement of the business environment and the economic diversification support framework, which constitutes Pillar I, accounts for 73% of approved amounts; compared with 27% for national and regional infrastructure. Specifically, under Pillar I, the operations approved include budget support (UA 27 million) in 2011 and the Private Sector Promotion Support Project (UA 4.04 million) in 2012. Due to the limited amount of the ADF-12 allocations for Senegal in 2011 (UA 91 million), the two institutional support projects originally planned for financial systems and the business environment were merged, and the activities for improving the SME business environment centralized. Budget support has allowed the Bank to assist in the implementation of

budgetary and financial reforms, particularly through transposition of the WAEMU harmonized public finance framework guidelines into the national legislation. With regard to Pillar II, operations approved concern the additional loan for Local Small-scale Irrigation Support Project (PAPIL) (UA 8.4 million) in 2011 and the Trans-Gambia Bridge Construction Project (UA 3.18 million) in 2011. The PAPIL contributed particularly to the opening of access to isolated areas, regeneration of natural areas and strengthening of community vitality. Still under Pillar II, the Touba-Diourbel-Thies Project planned for 2012 was postponed to 2014⁷. Moreover, three regional operations could not be approved either because they have been postponed (OMVG 1 and 2) or are in the process of cancellation (the Rosso Bridge) due to regional difficulties and readjustment of national priorities.

3.1.2 With regard to **private sector operations**, the 2010-2015 strategy seeks to increase the country's infrastructure through Public-Private Partnership in order to improve access to quality services in the transport, energy and telecommunications sectors. Thus, between 2010 and 2012, the Bank approved two private sector window operations totalling UA 65.66 million. They are the Toll Highway (UA 9.81 million) and the Blaise Diagne International Airport (UA 57.08 million), both approved in 2010. Senegal stands out as leader in the sub-region for the development of Public-Private Partnership (PPP) projects.

3.2 Bank Group Resource Allocation

3.2.1 The financing resources are covered mainly by the 12th and 13th replenishments of the African Development Fund (ADF-12 and ADF-13) and, marginally, by ADF-11. Under ADF-12 (2011-2013), the indicative allocation stands at UA 110.83 million. Of this amount, the sum of UA 32.1 million (29%) has been used, following the approval of three projects: UA 27 million for budget support, UA 1.06 million for Senegal's contribution to the Trans-Gambia Bridge Construction Project and UA 4.04 million for the Private Sector Promotion Support Project (PAPSP).

3.2.2 Apart from the ADF allocation, Senegal received financing from the private sector window of the Bank, notably for public-private partnerships, in which regard the country constitutes a textbook case on complementary resource mobilisation. Also to be noted is the Louga, Matam and Kaffrine Food Security Support Programme, amounting to USD 40 million in 2013, financed from the GAFSP fund.

| Table 1: CSP mid-term (July 2012) Status- Financial Resources used in UA million (excluding GAFSP) | |
|---|---------------|
| Country allocations from ADF-11 | 113.42 |
| Country allocations from ADF-12 | 105.29 |
| Regional allocations from ADF-12 | 2.12 |
| Private Sector Window (ADB) | 135.52 |
| Total | 356.35 |

⁷ On account of the priority given to youth and female employment, this project was postponed to 2014, in favor of a 2013 “youth and women” employment project.

3.3 Achievement of strategic objectives and results of the CSP at mid-term

3.3.1 The mid-term review is an opportunity to adjust the CSP logical framework indicators, if need be. The performance monitoring strategic framework in the annex has been revised to reflect the policies of the new Government. It is a summary of the outcomes achieved at mid-term relative to the targets. The following paragraphs show how the various Bank projects have contributed to achieving the outcome monitoring framework indicators. The following tables, presenting the outcomes at mid-term relative to the set objectives by pillar, indicate that the implementation of the strategy at mid-term is satisfactory overall.

Pillar I: Improving the Business Environment and the Economic Diversification Support Framework

3.3.2 Pillar I seeks to: (i) improve economic management and the quality of public services; (ii) improve the investment climate and enhance competitiveness; and (iii) support economic diversification and private sector investment opportunities.

Table 2: Status of implementation of Pillar I indicators over the period 2010-2012

| Expected Outcomes | Targets for 2012 | Outcomes achieved as at June 2012 and Remarks |
|--|--|---|
| Pillar I: Improving the business environment and the economic diversification support framework | | |
| 1) Enhancing results-based management and the performance of public policies | MTSEF for 15 new Ministries between 2009 and 2012 | MTSEF for 4 new Ministries between 2009 and 2012. Revised target which takes account of the reduction from 37 to 25 Ministries in the new government |
| 2) Improving the credibility of the budget | <ul style="list-style-type: none"> -The new budgetary regulation provisions transposed into the RGCP -The SIGFIP and ASTER software packages are interfaced -The credit freeze feature is activated in SIGFIP -The practice of quarterly commitment plans is institutionalised. -ASTER perimeter covers all accounting stations | <ul style="list-style-type: none"> i) New provisions of budgetary regulation have been transposed into the RGCP, with 2017 as the implementation deadline, in compliance with the related WAEMU directive. (ii) SIGFIP/ ASTER Interfacing has been achieved; what remains is interfacing ASTER with SIGFIP; (iii) Credit freeze feature has been effectively activated in SIGFIP; (iv) Practice of quarterly commitments has been effectively institutionalised; and (v) ASTER perimeter covers all accounting stations except Dakar Port Sub-Treasury and a new sub-treasury recently created in Saint-Louis |
| 3) Strengthening budget comprehensiveness and transparency | <ul style="list-style-type: none"> -Legal instruments to clarify budget execution and oversight procedures for autonomous agencies, public enterprises and devolved services adopted -Funds of agencies are always deposited at the Treasury (<i>single coffer principle</i>) -Expenditure covered by external resources is keyed into SIGFIP on a monthly basis -SIGFIP and the investment expenditure monitoring software are interfaced -Monthly budget implementation reports by ministry, budget line and at the 4 phases of expenditure | <ul style="list-style-type: none"> (i) Legal instruments to clarify budget execution and oversight procedures for autonomous agencies, public enterprises and devolved services have been adopted; (ii) Funds of agencies are always deposited at the Treasury (<i>single coffer principle</i>); (iii) Expenditure covered by external resources entered into SIGFIP on a quarterly basis. Given the delay in receiving information from donors, data input is rather on a quarterly, not monthly, basis; (iv) SIGFIP and the investment expenditure monitoring software have been interfaced; and (v) Monthly budget execution reports by ministry, budget line and following the four phases of expenditure are published on the MEF website and are accessible to the general public. |

| Expected Outcomes | Targets for 2012 | Outcomes achieved as at June 2012 and Remarks |
|--|---|--|
| | are published and accessible on the MEF website. | |
| 4) Strengthening budget oversight procedures | <ul style="list-style-type: none"> - Unique tax identification file established -National identification numbers of enterprises and associations posted online to facilitate the issuance of the NINEA administrative act and deployment of the system to the services of ANSD, DGID and APIX -Revision of the legal instruments on the functioning of the <i>Court of Auditors</i> finalised in 2012 latest -The institutional support to the <i>Court of Auditors</i> effective (construction and equipping of the head office, staff recruitment and training, etc.) -The percentage of directly negotiated contracts reduced to 20%⁸ of all public procurement, including that of autonomous agencies -The restriction concerning the participation of community enterprises has been lifted. -ARMP's financial autonomy guaranteed by the adoption of an order defining royalty rates and their collection modalities. | <ul style="list-style-type: none"> i) The establishment of a single tax identification file has been completed for the VAT, but is underway for land leases. (ii) Online posting of the national identification number for enterprises and associations has been carried out; (iii) The text to reform the <i>Court of Auditors</i> has been adopted by the Council of Ministers. (iv) Percentage of directly negotiated contracts is lower than 20% of public procurement, including autonomous agencies. In 2011, the percentage of directly negotiated contracts was 15%, excluding those for SENELEC fuel purchases, in compliance with the revised PSI agreement between the IMF and Senegal. Otherwise, it is 28%; the objective sought by reducing the percentage of directly negotiated contracts: equal access by SME to public procurement opportunities. (v) The restriction of the participation of foreign enterprises has been eased for State-owned enterprises which apply the principle of reciprocity and by allowing of consortiums with foreign enterprises; and (vi) ARMP's financial autonomy has been guaranteed through the adoption of an order defining royalty rates and their collection modalities. |
| 5) Improving the business environment | <ul style="list-style-type: none"> -Coverage by private firms rises from 0 to the average for sub-Saharan African countries (1.5) -Reduction of timeframe for fiscal formalities from 666 to 306 days (African average) -Reduction of the contract-execution timeframe from 780 to 643 days (African average). | The Government has postponed these three outcomes which should have been achieved in this domain to 2013, to allow time for preparing the framework and the infrastructure. |

⁸ This exceptional rate is due to the special circumstances in 2011 which surrounded fuel purchases for electricity production. Otherwise, the rate stayed under 10% from 2008 to 2010 and dropped again to 10% during the 1st quarter of 2012. Furthermore, the Government is committed to returning to the norm (competition) in SENELEC fuel procurement.

| Expected Outcomes | Targets for 2012 | Outcomes achieved as at June 2012 and Remarks |
|---|---|---|
| 6) Economic diversification and private sector investment opportunities | <ul style="list-style-type: none"> -Export of 37,000 T of fruits and vegetables -VAT on tourism activities is 10% in 2012, down from 18% in 2010 -Legal instruments governing the tourism and hotel professions adopted -Gold washers in SME are organised -The comparative study is completed | <p>i) VAT on tourism activities is 10% in 2012 down from 18% in 2010;</p> <p>(ii) Export of 38,0009 T of fruits and vegetables during the first half of 2012 for an estimated value of CFA F 16.7 billion (FOB value). These exports are composed of fresh tomatoes (22%), fresh beans (11%), melons (36%), watermelons (16%) and mangoes (8%). In contrast, the instruments governing the tourism and hotel professions, the organisation of gold washers in SME, as well as the comparative study of gold washers were not realised. In fact, the process for adopting the instruments cited above by the Ministry of Tourism is underway. It was delayed mainly as a result of the Ministry's limited budgetary resources. At the mid-term of implementation of the CSP 2010-2015, it was decided that these indicators should be replaced by one of the indicators of the private sector promotion institutional support project (100 SMEs labelled under the SME-labelling programme).</p> |

Pillar II: Contribution to Strengthening National and Regional Infrastructure

3.3.3 The main objective of this pillar is to increase the country's infrastructure endowment in an effort to improve access to quality services in the transport, energy and telecommunications sectors. It comprises a basic infrastructure sub-pillar (water and sanitation, natural resource management) and an economic infrastructure sub-pillar (energy, transport and ICT).

Table 3 : Status of Implementation of Pillar II Indicators over the Period 2010-2012

| Expected Outcomes | Targets for 2012 | Achievements in June 2012 and observations |
|--|---|--|
| Pillar II: Improving access to basic infrastructure | | |
| 7) Improving water and sanitation access rates | Urban drinking water access rate of 98%; Rural drinking water access rate of 76%; Urban sanitation access rate of 64%; and Rural sanitation access rate of 20%. | (i) urban drinking water access rate of 98.5%, surpassing the target by 0.5%; (ii) rural drinking water access rate of 80.1% (surpassing the target by 4.1%); (iii) urban sanitation access rate of 64%; and (iv) rural sanitation access rate of 34.3% (surpassing the target by 14.3%). |
| 8) Enhancing the rational use of natural resources | 2,300 ha of saline soils reclaimed 940 ha replanted or treated by CES/DRS; 1,066 ha of irrigated and low lands developed for agriculture; 10 water canals on the RB and LB cleaned to stop the return of aquatic plants (typha); and Re-excavation of 11 ponds for grazing. | 2,070 ha of saline lands reclaimed; (ii) 1,387 ha of land replanted or treated by CES/DRS; (iii) 1,570 ha of irrigated and lowlands developed for agriculture; (iv) 33 water canals on the RB (Right Bank) and LB (Left Bank) cleaned to stop the return of aquatic plants (typha). The target for 2015 was reached in 2012; and (vi) 14 ponds re-excavated for grazing. |
| 9) Improving transport and energy services | ADB interventions help reduce the 15% deficit in electricity supply Development and rehabilitation of a 250-km stretch of road along the Dakar-Bamako and Dakar-Conakry Corridors. Construction of the Dakar-Diamniadio Highway Modernisation of the Dakar Container Terminal. | The Kounoune Power Plant accounts for 16% of electricity supply in Senegal; Travel time between Dakar and Diarniadio reduced from 90 to 30mins; Proportion of good roads along the Dakar-Bamako and Dakar-Conakry Corridor on the Senegalese side rises from 50% to 80%; and Waiting time for ships at the Container Terminal has been reduced from 15 hours to less than 2hours. |

3.3.4 The following box illustrates the Bank's contribution to achieving inclusive growth in Senegal.

Box 2: The Bank and inclusive growth in Senegal

Through several projects, such as the Small-scale Irrigation Support Project, the Casamance Rural Development Support Project, the Integrated Management of Invasive Aquatic Weeds in West Africa, the Dakar Container Port, and the Dakar Toll Highway, the Bank contributes to promoting inclusive growth in Senegal. The achievements include:

- creation of 497 new jobs (with the Dakar Container Port and the Dakar Toll Highway);
- increasing agricultural and vegetable yields by more than 50%;
- emergence of 240 rural SME managed by women (PAPIL);
- reduction in water-related diseases in the PGIAPAAO zone (malaria, schistosomiasis, diarrhoea);
- water access for 14,265 persons living in the 13 villages and their livestock;
- 150 equipped classrooms and 30 others nearing completion and 68 school latrines;
- 3 health posts and 13 others under construction; and
- 82 wells for grazing drilled or rehabilitated and equipped with drinking troughs.

3.3.5 As indicated in the table below, the 2015 targets have already been achieved in 2012. Furthermore, the outcomes at rural community level are evident and encouraging, and have been capitalized upon in many domains. Box 4 illustrates the Bank's contribution to improving transport and energy services.

Box 3: The Bank, resilience to climate change and transition towards green growth in Senegal

Several Bank projects in Senegal, such as the Casamance Rural Development Support Project and the Local Small-scale Irrigation Support Project contribute to strengthening the resilience of the populations and the agro-ecological systems in the face of climatic variability impacts; they contribute, moreover, to a transition towards the promotion of green growth. The outcomes in terms of sustainable management of natural resources are:

- 1.500 ha of mangrove forest regenerated; - over 1.200 ha of land replanted;
- 230 km of firebreak round community forests; -5 salt containment dykes and 19 retention dams completed; - over 250 spillways built, thus helping to protect and develop more than 6.500 ha of land; and
- 34 fish species inventoried in 2011 in the PGIAPAAO zone, compared with 25 in 2009.

Box 4: The Bank, improvement of competitiveness, promotion of regional integration and facilitation of sub-regional trade.

Several Bank projects such as the Kounoune Power Plant, the Dakar Container Port, the Blaise Diagne International Airport, the Dakar-Bamako Corridor contribute to strengthening competitiveness and promoting regional integration.

- About 16% of the electricity produced in Senegal today comes from the Kounoune Power Plant;
- The Dakar-Diamniadio travel time has dropped from 90 to 30 minutes;
- Waiting time for ships at the Dakar Container Terminal has dropped from 15 hours to less than 2 hours;
- 112 km of road have been completed in Senegal (Dakar-Bamako Corridor); and
- 66 km of road towards the border with Guinea and 85 km of feeder roads built.

3.4 Other Outcomes of Bank Group Assistance Strategy

3.4.1 At mid-term, the Bank has conducted the following economic and sector studies: (i) the preliminary study on the Senegal-Mauritania-Morocco-Spain electricity interconnection; and (ii) the study on horticultural sub-sectors (which is being finalised). The Bank will soon launch a study on the role of Senegal in the integration process within ECOWAS. There are plans for a study on the local construction industry (infrastructure) and another on the country's prospects in terms of green growth. The economic and sector studies will help sustain the dialogue, guide

investment decisions and thus enhance the quality of projects at entry. Moreover, knowledge production will take centre stage in the Bank's long-term strategy.

3.5 Implementation of the Paris Declaration

The outcomes of the 2011 survey on the implementation of the Paris Declaration in Senegal were mixed. In fact, the targets were reached for **three indicators** (including capacity building through coordinated support: 80% in 2010, compared with 54% in 2007). **Significant progress has been achieved for five indicators** (including the use of national public finance management systems: 29% in 2010, compared with 19% in 2007; parallel structures: 11 in 2010, compared with 55 in 2007). **Limited progress and even stagnation or setbacks were observed for the other indicators** (including alignment of aid with national priorities: 67% in 2010, compared with 88% in 2007; aid predictability: 62% in 2010, compared with 61% in 2007)¹⁰.

Country Dialogue

3.5.1 In a bid to contribute to the implementation of the Paris Declaration, the increased staff strength at the Bank's regional office gradually fostered increasingly closer monitoring of Bank operations in Senegal. Since 2011, the task managers of more than three-quarters of the active projects were based in SNFO and over 70% of supervision missions were conducted by SNFO staff. Moreover, the strengthening of the SNFO team with the addition of auditing, procurement and disbursement experts, as well as the systematic involvement of these experts in supervision missions, is a very positive development. This also contributed to shortening processing times and enhancing dialogue and efficiency.

3.5.2 Policy dialogue between the Government and the Bank is active in Senegal, in collaboration with the community of technical and financial partners. It is conducted through the Bank's programmes as well as its significant role within the G-50 (the extended group of the country's Technical and Financial Partners which the Bank is currently co-chairing with USAID). The areas covered by the dialogue are those concerning the key reforms identified with the Government under the SNDES (2013-2017)¹¹ (transparency, public procurement, land legislation, private sector promotion, etc.). For the sake of transparency and efficiency, the Ministry of Economy and Finance has set up an External Financing Management Platform (PGFE) - an online reporting tool which focuses on official development assistance with ADB participation. Disbursements¹² under official development assistance in 2010 amounted to about CFAF 479 billion, i.e., about 8% of 2010 GDP. These disbursements were mainly made by the World Bank (14.35%), USAID (11.20%), ADB/ADF (8.97%) and the European Commission (8.95%).

3.5.3 The Bank, through SNFO, is an active member of the Extended Group of Technical and Financial Partners (or Group of 50) and of the Technical and Financial Partners Coordinating Committee (or Group of 12) which serves as the G50 Secretariat. In particular, since 2011, the Bank has been serving as Chair or Vice-Chair of four of these bodies. The Bank leads the Energy Thematic Group and co-chairs the Statistics Group with the United Nations Population Fund. It also chairs the Higher Education Sub-Group and is Vice-Chair of the ACAB (Budget Support) Group, which is chaired by Canada. The Bank became co-chair of G50 in January 2013.

¹⁰ OECD, 2011

¹¹ On 21 September 2012, the new authorities initiated the process of adapting the ESPP 2011-2015 to the term of the new President: SNDES 2013-2017. On 7 November 2012, the SNDES was validated.

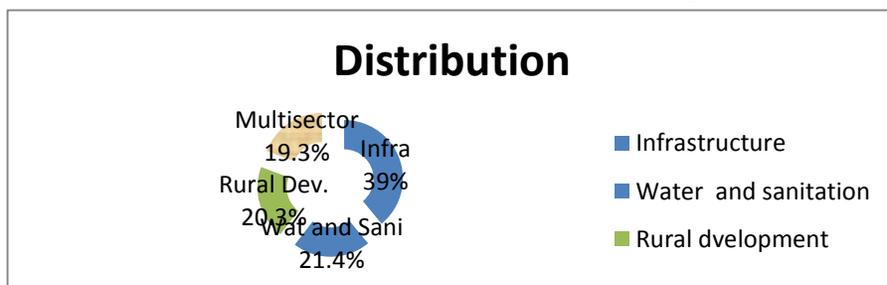
¹² Ministry of Economy and Finance, *Report on Development Cooperation 2010, March 2012*

IV. BANK PORTFOLIO IN SENEGAL

4.1 Portfolio Composition and Size

4.1.1 As at 15 July 2012, the Bank's active portfolio in Senegal, all operations considered, comprised *six active national operations*¹³, eight multinational projects and three private sector projects. This active portfolio of the Bank in Senegal comprises a *net total commitment volume of UA 139.98 million from the ADB public sector window*, of which UA 91.62 million has been disbursed. The last operation for which funding was approved by the Bank concerns the *Private Sector Promotion Project*, approved on 10 September 2012 for UA 4.04 million. In the current operations portfolio for Senegal, the **infrastructure sector is predominant** with 39%, followed by the water and sanitation sector (21.4%), the rural sector (20.3%), and the multi-sector (19.3%), as shown in Graph 1. Financing comprises *loans (97.5%) and grants (2.5%)*.

Graph 1
Sector distribution of national operations 2012 (in %)



4.1.2 The private sector commitments amounting to **UA 135.52 million**, for 3 active operations, including a senior loan of Eur 10.53 million and a standby loan of Eur 1.5 million for the construction of the Dakar-Diamniadio Toll Highway (which complements the Bank's public sector window financing for this project), and a loan of Eur 70 million for the construction of the new Blaise Diagne International Airport. The third loan-financed operation (for Eur. 55 million) relating to the construction of the Sendou Coal-Fired Power Plant (125 MW), is not yet active¹⁴, though the loan agreement was signed on 19 December 2012. The Dakar Port Container Terminal Project (EUR 47.5 million) was completed in June 2012. The *private sector projects co-financed* by the Bank in Senegal represent an investment of *Eur 1.2 billion*. These projects are clearly intercomplementary and should play a central role in promoting economic growth and enhancing the country's competitiveness.

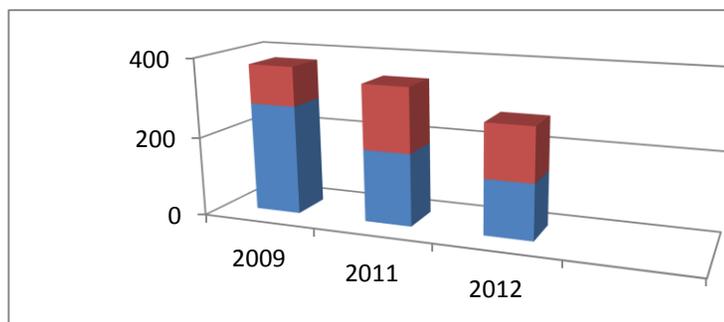
4.1.3 The *multinational projects* portfolio amounted to over *UA 205.5 million* as at end-July 2012, for an overall disbursement rate of about 43.13%. There were eight multinational projects, including three concerning Senegal and other countries in the sub-region such as the Gambia, Guinea Bissau, Mauritania, Guinea and Mali. This portfolio mainly consists of infrastructure projects particularly in the transport sub-sector (about 65.5% of operations), the social and rural sectors (21.2% and 13.3%, respectively).

¹³ Excluding the Study on the Ziguinchor Sanitation Plan which was extended to 31 March 2013

¹⁴ When Sendou starts operations, it will produce 925 GWH (40% of national production). Thus, Sendou and Kounoune combined will account for 56% of national production. The OMVG energy project will strengthen this effort.

Since 2009, *the reduction in public sector window commitments has been partly offset by the substantial increase in private sector window commitments whose amount was higher in 2011*, and both balance out in 2012 (Graph 2).

Graph 2 : Distribution of commitments of Senegal's 2009-2012 portfolio (in UA million)



4.2 Portfolio Quality and Performance

4.2.1 **The performance of the national public portfolio** of the Bank is deemed satisfactory. *The 2012 overall portfolio assessment score of 2.49, on a scale of 3, reflects the slightly positive trend since 2011 and confirms this positive development since 2009* (score of 2.01). *The progress achieved in operations performance* has been consolidated since the last portfolio review in 2011, as shown by operations efficiency both in terms of the processing of dossiers (requests for payment and disbursement), procurement of goods and services, and financial performance in 2012.

Box: 5 Impact of decentralisation on the country

The impact of decentralisation on Bank operations in the country is very visible (see § 3.5.1 to 3.5.3 and 4.2.2). The proportion of *projects at risk dropped from 47% to 16.6% from 2009 to July 2012, and problem projects (PP) have disappeared from the portfolio*. The *overall disbursement rate reached 65.45%* which corresponds to an average annual disbursement rate of about 23% on the basis of the 1st half of 2012. The project **effectiveness timeframe has reduced, on average, from 9.4 to 7.1 months** during 2011-2012. The **procurement documents processing time at SNFO has been reduced from 15 to 3 days**. 81.64% of requests for direct payment are processed within timeframes below the ceiling of 15 days, compared with 37.13% in 2009. In 2012, no project in the portfolio suffered any supervision delays exceeding 6 months, compared with two cases recorded in 2009. The office has besides had a positive impact on the management of the multinational projects of the sub-region.

The ADB active portfolio for Senegal now has only one PPP, the Rural Electrification Project (PER). This project, which is funded by an ADF loan of UA 9.58 million, moved out of the PP category in 2011.

The **average age of the Bank's national public sector portfolio in Senegal is 3.47 years**, which represents a **net rejuvenation** since the last review of 2011 (5.5 years). This is explained in part by the completion of *operations in the social sector* (education and health).

4.2.2 Analysis of the portfolio performance trend since 2009:

The marked improvement in the Bank's monitoring activities in accordance with the decentralisation roadmap is acknowledged first and foremost by our partners in the country. As shown in the table below, *highly significant progress has been recorded in terms of portfolio performance indicators* and particularly in the areas of procurement and financial management. The strengthening of SNFO, involving the establishment of fiduciary service coordination units, as well as disbursement services, has led to significant improvement in the quality and speed of dossier processing.

The progress recorded since 2009 in the preparation and effective start-up of operations has been consolidated. Project preparation systematically involves multidisciplinary teams based at SNFO, thus allowing for the expeditious and smooth implementation of programmes.

In 2009, over 60% of projects did not have any real financial management capacity whereas in 2012, all projects had built that capacity. These capacities were strengthened by the bi-monthly fiduciary clinics organised by the regional office.

However, the quality, timely delivery and validation of audit reports continue to pose problems, despite the fiduciary clinics and the rigorous process of selection of audit firms. These are priority concerns for the Regional Office, which has been working hard to step up the sensitisation of all stakeholders, including those at the MEF, and to **train the partners involved (PIUs, audit firms, etc.)** since the 1st half of 2012. Furthermore, it should be noted that SNFO, for its part, has **considerably reduced the average time for transmission of the Bank’s technical views on audit reports to the Government** from three and a half months in 2009 to 10 days in 2012.

There was a slight drop in the “**impact on development**” score, which, however remains at a satisfactory level of 2.5. This is explained by the exit from the portfolio of social sector projects (health and education) whose scores were significantly high in this category.

In order to implement the Portfolio Improvement Plan as efficiently as possible, six formal meetings were organised each year, which represents the highest frequency of such donor consultations involving the MEF in Senegal.

Table 4
Summary of “Traffic Lights” Monitoring of National Public Projects

| Projects (*) | Compliance with conditions | Procurement Performance | Financial Performance | Activities and Outputs | Impact on Development | Overall Assessment | Risk Rating |
|--|---------------------------------|-------------------------|-----------------------|------------------------|-----------------------|--------------------|----------------|
| Rural Development | | | | | | | |
| Small-scale Irrigation Support (PAPIL) | | | | | | | NON PP NON PPP |
| Casamance Support (PADERCA) | | | | | | | NON PP NON PPP |
| Infrastructure | | | | | | | |
| Rural Electrification | | | | | | | PPP |
| Daka-Diannadio Highway | | | | | | | NON PP NON PPP |
| Water and Sanitation | | | | | | | |
| PEPAM II | | | | | | | NON PP NON PPP |
| Multi-sector | | | | | | | |
| Economic Reform Programme (PARE) | | NA | | | | | NON PP NON PPP |
| Traffic Light Key | | | | | | | |
| | Excellent Performance (2.2-3.0) | | | | | | |
| | Average Performance (1.6-2.1) | | | | | | |
| | Weak Performance (0-1.5) | | | | | | |

4.2.3 **Even though the presence of the experts at SNFO has improved the management of multinational projects, the implementation of these projects raises major concerns in terms of the poor ownership and monitoring of the components entrusted to the regional entities concerned (ECOWAS and WAEMU).** Despite the Regional Office’s intervention, it has not been possible to systematically wind up these multinational projects. On the other hand, the national components of some of these projects have achieved good outcomes, - with logically stronger ownership, and overall satisfactory supervision. That has not generally been the case for the portions of projects managed by the delegated regional coordination units within ECOWAS and WAEMU. These units, whose mission and experience are not primarily geared towards the management of development projects, have not met all the requirements, in terms of having

human resources devoted specifically to the project as well as being close to project stakeholders (cf. § 5.1.1 for actions proposed in this regard).

4.2.4 The Bank, through its **private sector window**, supports innovative and developmental infrastructure projects for the country, such as: the Dakar-Diamniadio Toll Highway (2010), for which the Bank also provided ADF funding to the State, the Sendou Power Plant (2010), and the Blaise Diagne International Airport (2010), as well as the Container Port Expansion Project in Dakar (completed in 2012). These projects are essential to supporting the country's competitiveness through facilitation of national and international trade, improved mobility at the entrance to Dakar and access to inland and coastal areas; provision of a reliable and sustainable power supply; and contribution to tourism-promotion efforts.

4.3 PPIP Implementation Review

4.3.1 The outcomes of the implementation of the Portfolio Performance Improvement Plan of the 2011 review are generally positive. The improvements noted include project management which has been remarkable with constant support from SNFO through five bi-monthly fiduciary clinic training programmes and a workshop on audits and disbursements. Similarly, the 2011 recommendations for further reduction in disbursement delays were followed as indicated in Box 5 and § 3.5.1. However, although most of the projects have performance contracts, SNFO will, in collaboration with the Government, ensure the systematic signing of these contracts from the start-up of new projects and strict monitoring thereafter. Moreover, efforts still need to be made to improve the quality and timeliness of final project audit submissions. SNFO has organized a sensitization workshop in that regard and monitors activities on a monthly basis.

4.3.2 The Portfolio Performance Improvement Plan (PPIP) for the 2012 portfolio review identified three key problems: (i) delays in the planning and conduct of audits; (ii) difficulties in implementing multinational projects executed by sub-regional entities (ECOWAS and WAEMU); (iii) weak results-oriented culture of the PIUs, line ministries and MEF in terms of measuring the impact of Bank operations on the country's development. The actions not yet implemented mainly concern: (i) performance contract requirement for some projects; (ii) systematic fielding of multidisciplinary project closing missions and repayment of Special Account balances of completed projects; (iii) development by PIUs of the scoreboard of the action plan for implementing audit report recommendations for better monitoring; and (iv) establishing, for all projects, an efficient computerized monitoring and evaluation system, including defining the baseline situation (see matrix in annex).

4.4 Key Elements Underpinning Portfolio Quality

4.4.1 The areas of intervention for portfolio improvement are:

- * Improvement of project quality-at- entry and strengthening of internal oversight in projects. Systematic introduction of performance contracts should be enforced at the start-up of new projects after recruitment of qualified individuals on a competitive basis.
- * Consolidation of the fiduciary framework of projects. Regular support should be provided to PIU (fiduciary clinics) on fiduciary management issues throughout the project management cycle.

- * Improvement of the quality of audit reports and compliance with report submission schedules. Projects should produce action plans for implementing audit report recommendations. The Government should ensure better monitoring and ownership of operations.
- * Introduction of a stronger results-oriented culture among partners. A harmonized computerized monitoring-evaluation system that is simple and efficient should be implemented under all projects.

V. EXPERIENCE AND LESSONS AT MID-TERM

5.1 Lessons from the Strategy Implementation

5.1.1 The mid-term review of the implementation of the 2010-2015 strategy has highlighted several lessons. (i) The first relates to strategic dialogue; in light of the priorities of the new Government and ADB's long-term strategy, the pillars have been modified (§ 1.2). Indeed, to meet expectations in terms of improving the populations' living conditions, and particularly to address the new political, economic and social challenges that Senegal is facing, the new political authorities have decided to make adjustments to the ESPP (2011-2015), which now becomes the National Strategy for Social and Economic Development (SNDES) (2013-2017) though maintaining the same basis. --. (ii) The second lesson relates to the maturity of projects in the context of the CSP cycle. With operations that had not been prepared to the appropriate levels programmed in the initial CSP (2010), it is difficult to obtain the necessary information expected from indicators, and therefore to measure progress. This situation undermines the results-oriented approach (cf. § 4.3.2). The Government and the Bank should take measures to obtain a pipeline of ready projects prior to CSP preparation. (iii) The third lesson concerns implementation of regional/multinational operations. To address implementation difficulties relating to multinational projects, given the limited capacities of the regional/sub-regional agencies (ECOWAS and WAEMU) executing them, it would be advisable to transfer greater implementation responsibility to the countries and sensitize/train these entities in collaboration with ONRI. (iv) The fourth lesson concerns the impediments to systematic completion of certain projects. A systematization of multidisciplinary completion missions should be introduced covering all aspects of project completion, including repayment of the balances of the special account and handing over the project facilities to the Government. (v) The fifth point concerns the structuring of PPP. The experience of certain very complex private sector projects such as the Blaise Diagne International Airport (AIBD) indicates that the Bank needs to devote more attention to the structuring of these types of projects and their status of readiness, and assess the impact of the risks identified, as well as the critical linkages among these risks.

5.1.2 The following lessons may be drawn from this CSP (2010-2015) mid-term review, for the implementation of the strategy during the remaining period:

5.2 Lessons for the Government:

- (i) Refocus the Economic and Social Policy Paper (ESPP) to meet the populations' expectations and revise the CSP pillars;
- (ii) Pursue regular joint cooperation reviews with the ADB (annual and quarterly);
- (iii) Participate actively in strengthening results-oriented culture at project level; and
- (iv) Comply with audit report submission schedules.

5.3 Lessons for the Bank:

- (i) Change strategy pillars for better alignment with the priorities of the new Government and the Bank's Long-Term Strategy (LTS);
- (ii) Review the results framework and align it with current or pipeline projects; and
- (iii) Envisage more efficient regional coordination arrangements for future multinational projects.

VI. BANK GROUP STRATEGY FOR THE REMAINING PERIOD

6.1 Challenge Assessment

6.1.1 As stated in § 2.2.8, the main challenge for the medium term, is returning to the path of sturdy, sustainable and job-creating growth (inclusive growth). The people have keen expectations of reaping the dividends of the change of government, in terms of job creation in an environment characterized by external vulnerability (international prices, the Eurozone situation and the ODA) and internal vulnerability (floods, drought, etc.), and pressure on public finances.

6.1.2 Indeed, the Government committed itself, in the Prime Minister's policy statement on 10 September to, among other measures: (i) strengthen the foundations of democratic, transparent, more rigorous and more effective governance; (ii) achieve sturdy, sustainable and inclusive growth in a reinforced business environment in the context of a diversified economy. As is clear from the policy statement, stimulating growth also entails laying the foundations for production-supporting infrastructure and services, in line with international best practices. The Government's option requires road infrastructure - feeder roads included, and energy, including renewable energy, to make up a coherent and sound basis for the economic development poles.

6.1.3 Senegal has been identified as one of the "pilot countries" in which the Bank would be willing to support the Government on the path of inclusive and green growth. In this context, a study on the country's green growth opportunities will be prepared. In addition, in a regional context, the Bank plans, in conjunction with the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), to develop by 2014 a programme to build resilience to the recurrent food and nutrition insecurity in the Sahel, from which Senegal stands to benefit. Moreover, the country has been identified as a "pilot country" for the ADB/AU/ECA/ILO employment initiative.

6.1.4 Finally, beyond the willingness expressed by the Government in the general policy statement, the main challenge is that of successfully implementing measures that would allow it to achieve results in the coming years following the strategic approach it has adopted (§ 2.1.2 to 2.1.8, 2.2.8 and 6.1.1 to 6.1.3). The Bank's multifaceted support will address this challenge.

6.2 Relevance of Strategy Pillars

6.2.1 At the end of the mid-term review process, with the lessons learned, the challenges to be tackled and the priorities of the new Government elected in March 2012, the Senegalese authorities and the Bank agreed to amend the two pillars of the CSP for the remaining period

(2012-2015) in order to adapt the CSP to government priorities (§ 2.1.2 to 2.1.10, 2.2.8 and 6.1.1 to 6.1.3). This change is also intended to enable the new authorities to take ownership of the strategy and serve as a guarantee of its implementation.

6.2.2 The CSP outcomes indicator matrix was revised at mid-term in order to clarify the key outcomes under the two pillars: *(i) support for inclusive growth through diversification and economic integration; and (ii) sustainable management of natural resources (including water) and resilience.*

6.2.2.1 Pillar I: Support for inclusive growth through diversification and economic integration. The overall goal is to achieve growth that benefits all, including women and young people, by improving the business climate so as to encourage private investment and economic diversification. Pillar I has two thrusts, namely: “improvement of the business climate” and “regional integration”, both of which are instruments of inclusive growth. This pillar will lay special emphasis, in terms of outcomes, on the development of SME, promotion of agribusiness and job-creation. Future budget support will be channelled to structural reforms to this end. For purposes of good governance, budget support will include gender-sensitive components and reforms aimed at promoting the private sector.

6.2.2.2 Pillar II: Natural resource (including water) management and resilience. The overall objective is to improve the level of sanitation in Dakar and drinking water access in rural areas and strengthen food security. This pillar comprises two thrusts, namely: “green growth” and “environmental management and resilience through food security” (See details in Annex 2). In terms of outcomes, it will lay emphasis on drinking water and sanitation access and improvement of the quality of services. It also includes strengthening resilience to shocks, especially in the agriculture sector, through mitigation of food security constraints.

6.2.3 As mentioned above, the Government and the Bank agreed to modify the pillars for the remaining period (2012-2015). The Government has committed to implementing the selected projects, subject to the availability of resources. Indeed, while the ADF-12 balance, estimated at UA 73.19 million, has been definitively shared among five 2013 projects, the programme for 2014-2015 remains indicative and is subject to the availability of ADF-13 resources, including for the OMVG energy projects. Annex 2 shows the indicative programme.

6.2.4 For 2013, five projects are planned: (i) budgetary support (including a gender-sensitive component) and private sector promotion reforms for a total of UA 20 million; (ii) the sustainable resource management support project (Lake Guiers), for UA 15 million; (iii) support to the national local development programme (PNDL), for UA 15 million; (iv) food security support programme in the form of an UA 2 million contribution to the Global Agriculture and Food Security Fund (GAFSP); and (v) a women and youth employment project totalling UA 21.19 million. Besides ADF-12, other official funding includes emergency aid to the tune of USD 0.9 million in 2012 and the food security support programme (the Louga, Matam & Kaffrine response), totalling USD 40 million in 2013 from the GAFSP fund, and the resilience project for Sahel countries. For 2014 and 2015, a water and sanitation sector project is planned for an amount of UA 30 million, to provide structural solutions to the problems of flooding and drinking water and sanitation access in rural areas, the Touba-Diourbel-Thies Road, Phase II of the Trans-Gambia Corridor Project, and the OMVG energy projects. There are also private sector window funding opportunities in various areas such as renewable energy, infrastructure, agriculture, industry and finance sectors. The implementation of these projects and the leverage effects of infrastructure will contribute to inclusive and green growth in Senegal.

VII. CONCLUSION AND RECOMMENDATIONS

7.1 The mid-term review shows that Senegal implemented the strategy to a significant extent between 2010 and 2012. The democratic change of Government in 2012 provided an opportunity to scrutinize the relevance of the pillars and adapt them to the new priorities of the Senegalese authorities and the Bank's long-term strategy, particularly with respect to its two crosscutting objectives (inclusive and green growth) and its five operational priorities (infrastructure, regional integration, private sector, governance, skills and technology).

7.2 The CSP outcomes indicator matrix has been revised accordingly.

7.3 The Boards of Directors are invited to consider this Mid-Term Review of Senegal's 2010-2015 CSP combined with the Bank's 2012 Portfolio Review for the Country.

Revised 2010-2015 CSP Outcomes Framework Monitoring Matrix

| PRSP III Development Objectives | Problems hampering the achievement of the country's objectives | CSP intervention sector and outcomes | Objectives that the Bank intends to achieve with its interventions | Status at mid-term review of June 2012 | End-of-period outcomes (2015) | Bank deliverables (new and on-going) |
|--|---|--|--|---|--|---|
| Pillar I: Support Inclusive Growth through Diversification and Economic Integration | | | | | | |
| <i>Improvement of the business climate and job promotion</i> | | | | | | |
| i) Strengthen budget comprehensiveness and transparency | Poor integration of autonomous agencies and public enterprises into the general State budget | Framework and performance of public finance management | Integrate of budget financial data from autonomous agencies, public enterprises and local governments | - Legal instruments clarifying budget implementation and control procedures of autonomous agencies, public enterprises and the devolved administrations are adopted. - The funds of agencies must be deposited in the Treasury (single coffer principle). | -Data on revenues and expenditures for the periods N +1 (forecasts) and N (achievements) of autonomous agencies, public enterprises and the devolved administrations are annexed to the initial budget act, with effect from 2013. | On-going Projects - Budget support (PARE) - Private Sector Promotion Support Project (PARE) Budget Support (PARE) |
| ii) Strengthen budget oversight procedures | - Lack of a single taxpayer database hindering efficient control of taxation. -Low capacity limiting the scope of judicial review of the budget executed. -Low deployment of the new institutional framework of the procurement system. | Efficiency in public revenue collection. Quality and effectiveness of external budget oversight. Modernization of the procurement system | Contribute to the unification of taxpayer databases Support implementation of the reform of the Court of Auditors. Initiate revision of the Public Procurement Code. | - Establishment of a file relating to the VAT single tax identification number. - Posting on line the national identification number of enterprises and associations and deployment of the system in ANSD, DGID and APIX services. - Revision of legislation on the working procedures of the Court of Auditors is finalized no later than 2012. Sections of the Procurement Code have been revised to make it consistent with WAEMU directives. | - Extend the NINEA system to the Tax and Customs Code -New organic law of the Court of Auditors and the subsequent legislation adopted in 2013 -Section 52 of the Public Procurement Code is repealed | On-going Project -Budget Support III (PARE) and Private Sector Promotion Project (PAPSP) - Private Sector Promotion Support Project - Budget Support IV (PARE II) |

| PRSP III Development Objectives | Problems hampering the achievement of the country's objectives | CSP intervention sector and outcomes | Objectives that the Bank intends to achieve with its interventions | Status at mid-term review of June 2012 | End-of-period outcomes (2015) | Bank deliverables (new and on-going) |
|--|--|--|--|--|---|--|
| iii) Promote the development of SMEs and job creation | Lengthy tax formalities Difficulties faced by SMEs in accessing public procurement financing Wealth and job creation was too weak to make a significant dent on poverty reduction. | Private sector competitiveness/ development Economic policies for strong and shared growth. | -Reduce administrative red tape and technical constraints in respect of taxation and land access. -Facilitate access by SMEs to public procurement. -Issue the decree of implementation of the new land law. - Support agribusiness development | -The draft decree is in progress and will be signed by end-2012. -The bill on the General Tax Code contains measures aimed at improving the tax environment for SMEs -Order establishing the medium-sized enterprise centre at the DGID The decree of implementation of the guideline on SMEs was issued (% of public procurement reserved for SMEs). | The SME tax environment is improved The proportion of public procurement awarded to SMEs rises from 10% in 2010 to 15% in 2015 30% of labelled SMEs in 2015 are owned by women Creation of at least 100 jobs, of which 40% are held by women and 60% by young people | On-going project -Budget Support (PARE) -- Private Sector Promotion Support Project - Budget Support (PARE II) “Youth and Women” Job-Creation Project |
| National and Regional Integration | | | | | | |
| i) Strengthen through national and regional infrastructure | Inadequacy of transport and energy obstructing growth (high costs) | Opening up and contribution to resolving the energy problem | Facilitate access to transport and energy nationally and regionally | Travel time between Dakar and Diamniado reduced from 90 to 30 minutes Rate of roads in good condition on the Senegal side of the Dakar-Bamako and Dakar-Conakry Corridor increases from 50 to 80%. Waiting time of ships at the Container Terminal drops from 15 hours to less than 2 hours Productivity of the Container Terminal increases from 10 twenty-foot equivalent units (TEUs) per hour to 22 TEUs/hour | Reduce the Dakar-Diamniado travel time from 90 to 30 minutes Reduce the River Gambia crossing time from 79 to 2 minutes and the waiting time at the borders from 4 to 2 hours | The Dakar-Diamniado Highway -AIBD, Gambian Bridge, OMVG The Thiès-Diourbel Road The Container Terminal |
| Pillar II: Sustainable Management of Natural Resources (including water) and Resilience | | | | | | |
| Management of Natural Resources and Transition to Green Growth | | | | | | |
| i) Improve sanitation in Dakar and improve rural drinking water access | | Development of water and sanitation infrastructure in Dakar | Contribute to the strengthening of sanitation infrastructure in Dakar and facilitate access of rural populations to drinking water and sanitation services. | | 78% sanitation access rate and 98% drinking water access in Dakar (2017) and rural drinking water and sanitation access rates stand respectively at 82% and 30% (2017) | Dakar City Sanitation component of the DWSP Rural DWS and Sanitation component of water and sanitation sector project |

| PRSP III Development Objectives | Problems hampering the achievement of the country's objectives | CSP intervention sector and outcomes | Objectives that the Bank intends to achieve with its interventions | Status at mid-term review of June 2012 | End-of-period outcomes (2015) | Bank deliverables (new and on-going) |
|---|--|--|--|--|--|--|
| Resilience through Food Security | | | | | | |
| ii) improve food security | Extensive agriculture coupled with high demographic pressure | Improvement of agricultural techniques | Ease food security constraints | 1,570 ha of developed irrigated perimeters and agricultural lowlands (147%) | 1,736 ha of developed irrigated perimeters and agricultural lowlands 150 ha of degraded land recovered (treatment CES/DRS) 720 ha of lowlands or perimeters developed 300 km of feeder roads constructed 0% of the ecological value of ecosystems restored 1,500 green jobs created, including 1,000 for young people. | PAPIL Sahel Resilience Project GAFSP PNDL, Lake Guiers Socio-ecological Restoration Project |

2010-2015 Indicative Programme

**Table 2.1
Indicative Loan Programme**

| Projects | Years | | | | | | Progress at July 2012 |
|--|-------|------|------|------|------|------|----------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Pillar I: Support to inclusive growth through diversification and regional integration | | | | | | | |
| <i>Thrust 1: Improvement of the business climate and job promotion</i> | | | | | | | |
| Econ Reform Supp. Progr (PARE) | | X | | | | | |
| Private Sector Support Promotion Project (PAPSP) | | | X | | | | Approved in September 2012 |
| (PARE-II) | | | | X | | | |
| "Youth and Women" Employment Project | | | | X | | | |
| (PARE-III) | | | | | X | | |
| Africagri Project (Private Sector Window) | | | | | X | | |
| <i>Thrust 2: National and Regional Integration</i> | | | | | | | |
| Dakar-Diamniadio Highway | X | | | | | | |
| Dakar Container Terminal | X | | | | | | |
| BD International Airport | X | | | | | | |
| National Development Programme (PNDL) | | | | X | | | |
| The Gambian Bridge | | X | | | | | |
| Thies-Diourbel Road Link | | | | | X | | |
| The Gambian Bridge Phase II | | | | | | X | |
| OMVG 1 (Kaleta) | | | | | | X | |
| OMVG2 (Sambagalou) | | | | | | X | |
| Pillar II: Sustainable Management of Natural Resources (including water) and Resilience | | | | | | | |
| <i>Thrust 1: Management of Natural Resources and Transition to Green Growth</i> | | | | | | | |
| Lake Guiers Socio-ecological Functions Restoration Project | | | | X | | | |
| Dakar Water/Sanitation Sector Programme | | | | | X | | |
| Wind Energy Project (Priv. Wind.) | | | | | X | | |
| <i>Thrust 2: Resilience through Food Security</i> | | | | | | | |
| Small-scale Irrigation Support Project | | X | | | | | |
| Food Security Support Programme (GAFSP) | | | | X | | | |
| Sahel Countries Resilience Project | | | | X | | | |

**Table 2.2
Economic and Sector Works**

| | Source | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Progress/Changes |
|---|---------------|------|------|------|------|------|------|---------------------------------|
| Morocco-Mauritania-Senegal Electrical interconnection | Govt Budget | | X | | | | | Finalized |
| Study on horticultural sectors | Govt. Budget. | | | X | | | | ongoing Study |
| Senegal's role in regional integration | CAD TF & ORWB | | | X | | | | Recruitment of firm |
| Study on green growth opportunities in Senegal | ONEC | | | | | X | | ToR currently under preparation |
| Study on the emergence of a local construction industry | OITC | | | | X | | | launched |

SOCIOECONOMIC AND FINANCIAL INDICATORS
Senegal – Development Indicators

| Social indicators | Senegal | | Africa | Developing countries |
|---|---------|---------|---------|----------------------|
| | 1990 | 2011 * | | |
| Area (000 Km ²) | 164 | | 30,323 | 98,461 |
| Total Population (million) | 7.2 | 12.8 | 1,044.3 | 5,733.7 |
| Annual Population Growth (%) | 3.0 | 2.6 | 2.3 | 1.3 |
| Life Expectancy at Birth - Total (years) | 53.2 | 59.3 | 57.7 | 77.7 |
| Infant mortality rate (per 1,000) | 76.0 | 51.4 | 76.0 | 44.7 |
| Physicians (per 100,000 people) | 5.5 | 5.9 | 57.8 | 112.0 |
| Births Attended by Trained Health Professionals (%) | ... | 51.9 | 53.7 | 65.3 |
| Anti-Measles Immun. Rate (% of children from 12 to 23 months) | 51.0 | 60.0 | 78.5 | 84.3 |
| Primary Enrolment Rate (Gross %) | 56.4 | 86.8 | 101.4 | 107.8 |
| Girls/Boys Ratio in Primary Education (%) | 72.7 | 105.9 | 88.6 | ... |
| Literacy Rate (% of the Population >15 years) | ... | 49.7 | 67.0 | 80.3 |
| Access to Safe Water (% of Population) | 61.0 | 72.0 | 65.7 | 86.3 |
| Access to Health Services (% of the Population) | 38.0 | 52.0 | 39.8 | 56.1 |
| HDI Value (0 to 1) | ... | 0.5 | 0.5 | ... |
| Human Poverty Index (HPI-1) (% of population) | ... | 41.6 | 33.9 | ... |
| | Senegal | | | |
| Macroeconomic indicators | 2000 | 2009 | 2010 | 2011 |
| GNI per capital, Atlas method (current USD) | 2,090 | 1,080 | 1,090 | ... |
| GDP (in millions of current USD) | 19,443 | 12,799 | 12,871 | 12,875 |
| Real GDP per capital (% annual) | 4.7 | 2.1 | 4.1 | 4.0 |
| Real GDP per capital (% annual) | 3.7 | -0.6 | 1.4 | 1.3 |
| Gross Domestic Investment (% of GDP) | 27.3 | 22.1 | 22.7 | 23.9 |
| Inflation (annual %) | 0.7 | -2.2 | 1.2 | 3.0 |
| Fiscal balance (GDP %) | 0.5 | -5.2 | -5.2 | -5.3 |
| Trade, foreign debt and financial flows | 2000 | 2009 | 2010 | 2011 |
| Changes in export volume (%) | -12.1 | 26.3 | 0.9 | 15.2 |
| Changes in import volume (%) | -4.5 | -7.8 | 0.9 | 10.1 |
| Changes in terms trade | -1.4 | -5.7 | 1.6 | -12.4 |
| Trade balance (USD million) | -413 | --2,033 | -1,978 | -2,314 |
| Trade balance (% of GDP) | -8.8 | -15.9 | -15.4 | -18.0 |
| Current account balance (USD million) | -328 | -856 | -785 | -1,117 |
| Current account balance (% of GDP) | -7.0 | -6.7 | -6.1 | -8.7 |
| Debt servicing (% of exports) | 15.4 | 5.5 | 5.7 | 14.4 |
| Total external debt (% of GDP) | 80.8 | 49.7 | 51.9 | 54.9 |
| Total net financial flows (USD million) | 482 | 1,396 | 924 | ... |
| Net official development assistance (USD million) | 431 | 1,016 | 928 | ... |
| Net direct investment (USD million) | 63 | 208 | 237 | ... |
| International reserves (months of imports) | 2.0 | 3.1 | 2.9 | .. |
| Private sector and infrastructure development | 2000 | 2009 | 2010 | 2011 |
| Time required to start a business (days) | ... | 8 | 8 | 5 |
| Investor protection index (0-10) | ... | 3 | 3 | 3 |
| Fixed phone subscribers (per 1,000 people) | 21.7 | 23.0 | 27.5 | ... |
| Cell phone subscribers (per 1,000 people) | 26.3 | 570.0 | 671.1 | ... |
| Internet users (per 1,000 people.) | 4.2 | 150.1 | 165.5 | ... |
| Asphalted roads (% of total roads) | 29.3 | 32.0 | ... | ... |
| Railway, Goods transported (million tonne-km) | 371 | ... | ... | ... |

Key Data on On-going Operations Portfolio in July 2012

| Sector/Operation* | Date of Approval | Amount approved (m. UC) | Amount Disbursed (UA m.) | Disb. Rate (%) | Closing Date | Age (years) | Status |
|--|------------------|-------------------------|--------------------------|----------------|--------------|-------------|--------------|
| Rural Sector | | | | | | | |
| ● Small-scale Irrigation Support Project (PAPIL) (supp) (200150023694) | 31-Jan-11 | 8.4 | 2.30 | 27.38 | 31-Dec-13 | 1,5 | NON |
| ● Casamance Devt. Support (PADERCA) (2100150010898) | 19-Oct-05 | 20.00 | 10.46 | 52.31 | 21-Dec-12 | 6.7 | NON |
| Sub-Total/Average | | 28.4 | 12.76 | 44.92 | | 4.1 | |
| Infrastructure | | | | | | | |
| ● Rural Electrification (2100150008346) | 13-Oct-04 | 9.58 | 3.07 | 32.02 | 31-Oct-13 | 7.8 | PPP |
| ● Dakar-Diarniadio Highway (2100150020294) | 15-Jul-09 | 45.00 | 41.40 | 92.01 | 31-Dec-14 | 3.0 | NON |
| Sub-Total/Average | | 54.58 | 44.47 | 81.47 | | 5.38 | |
| Water Sanitation | | | | | | | |
| ● Rural DWSS Programme (PEPAM II) (2100150018943) | 18-Feb-2009 | 30.00 | 14.14 | 47.15 | 31-Dec-2013 | 3.4 | NON |
| Sub-Total/Average | | 30.00 | 14.14 | 47.15 | | 3.4 | |
| Multi-sector | | | | | | | |
| ● Economic Reform Support Programme (PARE) (2100150024644) | 06-Jul-11 | 27.00 | 20.25 | 75.0 | 30-Sep-13 | 1.02 | NON |
| Sub-total/Average | | 27.00 | 20.25 | 75.0 | | 1.02 | |
| TOTAL/AVERAGE | | 139.98 | 91.62 | 65.45% | | 3.47 | 1PR/7 |

* Source: SAP July 2012

Private Sector Projects in Senegal (July 2012)

| Sector/Operation* | Approval Date | Amount Approved (UA m.) | Amount Disbursed (UA m.) | Rate Disbursed (%) | Closing Date | Status |
|----------------------|---------------|-------------------------|--------------------------|--------------------|--------------|---------------|
| ● Sendou Power Plant | 25-Nov-09 | 44.85 | 0 | 0 | 31-Dec-14 | Not effective |
| ● Dakar Toll Highway | 19-Jul-10 | 8.58 | 3.51 | 40.85 | 01-Nov-13 | NON |
| ● AIBD Airport | 17-Dec-10 | 57.080 | 23.52 | 41.20 | 05-Mar-29 | NON |
| TOTAL/AVERAGE | | 110.51 | 27.02 | 24.45 | | |

* Source: SAP July 2012

Active Multinational Projects Involving Senegal (July 2012)

| Sector/Operation | Approval Date | Amount Approved (UA m) | Amount Disbursed (UA m) | Rate Disbursed (%) | Completion Date | Status |
|--|---------------|---------------------------|----------------------------|-----------------------|-----------------|--------------|
| Social Sector | | | | | | |
| • ECOWAS Peace and Development Support Project | 29/09/2004 | 10.00 | 6.03 | 60.25 | 30/12/2012 | PPP |
| • WAEMU Higher Education Support Project | 24/07/2006 | 20.00 | 5.66 | 28.31 | 31/12/2012 | NON |
| Sub-Total/Average | | 30.00 | 11.69 | 38.96 | | |
| Rural Sector | | | | | | |
| • Endemic Livestock Sustainable Management (grant) | 25/01/2006 | 10.24 | 4.30 | 42.04 | 31/12/2013 | PPP |
| • Endemic Livestock Sustainable Management (loan) | 25/01/2006 | 4.44 | 1.28 | 28.81 | 31/12/2013 | NON |
| Sub-Total/Average | | 14.68 | 5.58 | 38.03 | | |
| Infrastructure | | | | | | |
| • Dakar-Bamako Corridor (loan) | 21/12/2005 | 58.16 | 52.16 | 89.68 | 30/11/2012 | PPP |
| • Dakar-Bamako Corridor (WAEMU grant) | 21/12/2005 | 7.90 | 0.46 | 5.82 | 30/11/2012 | PPP |
| • Conakry-Dakar Corridor (loan) | 04/12/2006 | 20.50 | 17.30 | 84.37 | 30/11/2013 | PPP |
| • Corridor Conakry-Dakar (WAEMU grant) | 04/12/2006 | 5.58 | 0.12 | 2.21 | 30/11/2013 | PPP |
| • Rosso Bridge Baseline Study (River Senegal) | 17/03/2008 | 0.66 | 0.33 | 50.00 | 31/12/2012 | NON |
| • Construction of the Trans-Gambia Bridge (grant) | 16/12/2011 | 63.55 | 0.00 | 0.00 | 30/06/2017 | NON |
| • Construction of the Trans-Gambia Bridge (loan) | 16/12/2011 | 3.18 | 0.00 | 0.00 | 30/06/2017 | NON |
| Sub-Total/Average | | 159.53 | 70.37 | 44.11 | | |
| Water Sanitation Sector | | | | | | |
| • IWRM of the Kayanga-Geba River Basin (OMVG) | 09/01/2009 | 1.29 | 0.99 | 76.53 | 31/08/2012 | NON |
| Sub-Total/Average | | 1.29 | 0.99 | 76.53 | | |
| TOTAL/AVERAGE | | 205.51 | 88.63 | 43.13 | | 4PR/8 |

* Source: SAP July 2012

Portfolio Improvement Plan Implementation Status

| <i>General problems identified</i> | <i>Measures to be taken</i> | <i>Timeframe Schedule</i> | <i>Party Responsible</i> | <i>Remarks Current Status (October 2011)</i> |
|--|---|----------------------------|-------------------------------------|---|
| <u>Quality at entry</u> : Operational difficulties at start-up of operations | - Recruit qualified and experienced persons, on a competitive basis, and establish and implement performance contracts with indicators - Ensure inclusion an ESMP in future operations | Permanent Permanent | Govt/ADB GVT/ADB Govt/ADB | Challenges remain regarding the implementation of performance contracts. Some projects have not yet implemented the performance contracts. Workshops were organized by the Bank in 2012 in Dakar (OSAN) on the systematic development of the ESMP at project design. SNFO will ensure consideration of the ESMP in future operations. |
| Shortcomings in the <u>financial management</u> of projects | - Enhance the training provided to executing agencies, with SNFO assistance, and provide more support for project teams. | 2012 | ADB/SNFO | SNFO organized six workshops and training for all projects: Bi-monthly fiduciary clinic since 2012. |
| <u>Disbursement difficulties</u> : Delays in certain payments | - Properly document payment requests and ensure compliance. | 2012 | PIU/DDI | Processing timeframes have been improved. The rate of processing direct payment applications (optimum time of less than 15 days) rose from 37.13% in 2009 to 81.64% in 2012. |
| <u>Delays in the conduct of audits</u> | - Integrate the recruitment of auditors into the procurement plan and update it on the basis of the deadline for transmission of the audit report to the Bank. | 2012 | PIU | Improvements were observed except for delays in the final audits of certain completed projects. Four out of six audits were submitted on time. |
| <u>Inadequate monitoring-evaluation</u> : | - Establish, for all projects, an efficient computerized monitoring and evaluation system. | 2012 | DCEF/PIU/SNFO | The system is not yet in place and SNFO will propose, by October 2012, the ToR for the establishment of a better mechanism for the monitoring and evaluation of PIUs, in coordination with the Ministry of the Economy and Finance. |

Revised Country Portfolio Performance Implementation Plan

| <i>Generic Problems Identified</i> | <i>Action to be taken</i> | <i>Timeframe/Schedule</i> | <i>Party Responsible</i> | <i>Remarks//Current Status</i> |
|--|---|--------------------------------|--------------------------|---|
| Start-up of Operation | | | | |
| <u>Quality at entry:</u> Operational difficulties at start-up of operations | - Recruit qualified and experienced persons, on a competitive basis, and draw up performance contract including indicators | Permanent | GVT/ADB | Performance contract should be put in place systematically at project start-up. |
| <u>Financial management: Capacity Building in the area of procurement</u> | - Increase the training for executing agencies, with SNFO support, provide project teams with closer support -Systematically develop an action plan for implementing audit report and monitoring recommendations. -Delays in the submission of final audits | Permanent en 2012 | ADB/SNFO | SNFO organizes bi-monthly fiduciary clinics. |
| <u>Repayment of the special account balance non-systematic</u> | -Systematize repayment of special account balances of projects that are nearing closing or closed, by requesting from the bank the references of the account into which the balance should be paid. | Permanent | PIU/DDI | A meeting is planned between the DDI and SNFO for stock taking. This issue will be revisited at the next quarterly review. |
| <u>Audit report monitoring</u> | -Systematically develop an action plan for implementing audit report and monitoring recommendations. -Delays in submission of final audits. | Permanent Permanent | PIU/ DDI DDI | Projects should use the action plan for implementing audit report recommendations as a scoreboard. The DDI should ensure implementation of recommendations. |
| <u>Monitoring-evaluation system</u> | - Establish an efficient computerized monitoring-evaluation system for all projects | 1 st 1 half of 2013 | DCEF/PIU/SNFO | - Several monitoring-evaluation systems are not yet operational. SNFO will recruit a monitoring-evaluation consultant for the formalization of a fully functional and efficient system. |

Table on status of implementation and monitoring of development outcomes

| | 1990 | 1995 | 2000 | 2005 | 2008 | 2015 | 2012 Res |
|---|------|------|------|------|------|------|----------|
| Goal 1: Eradicate extreme poverty and | | | | | | | |
| Population below the poverty line (%) | .. | 67.9 | 57.1 | 50.8 | 50.7 | 34 | NA |
| Prevalence of malnutrition, (% of under- | .. | 21.9 | 20.3 | 17.3 | 15 | 10 | 18 |
| Goal 2: Achieve universal primary education | | | | | | | |
| - Primary completion rate (% age bracket concerned) | 43 | 38 | 38 | 51 | 58 | 90 | 66.5 |
| - Primary enrolment rate, (net %) | .. | .. | 57 | 90.1 | 73 | 100 | 93.9 |
| Goal 3: Promote gender equal and | | | | | | | |
| % of women in the National Parliament | 13 | 12 | 12 | 19 | 22 | .. | 43 |
| Girls/boys ratio in primary education | 73 | 76 | 86 | 96 | 100 | 100 | 110 |
| Girls/boys ratio of in secondary education | 53 | .. | 65 | 75 | 76 | .. | |
| Goal 4: Reduce child mortality | | | | | | | |
| Anti-measles immune. (% of children aged 12 to 23 months) | 51 | 80 | 48 | 74 | 84 | .. | 82 |
| Infant mortality rate (per 1,000 live births) | 72 | 72 | 66 | 61 | | .. | 47 |
| Mortality rate for children under 5 year (per 1,000) | 149 | 148 | 133 | 121 | 114 | 44 | |
| Goal 5: Improve maternal health | | | | | | | |
| Births assisted by trained health professional (%) | .. | 47 | 60 | 52 | .. | 90 | 73 |
| Contraception rate (% of women aged 15 to 49 years) | .. | 13 | 11 | 12 | .. | .. | 13 |
| Maternal mortality rate (per 100,000 live births) | 510 | .. | .. | 401 | .. | 127 | 392 |
| Goal 6: Comb HIV/AIDS, and other diseases | | | | | | | |
| HIV prevalence (% of the pop. aged 15 to 49 years) | 0.1 | 0.2 | 0.4 | 0.7 | 0.7 | 0.7 | 0.7 |
| Cases of tuberculosis detected during short-term treatment under direct supervision (%) | .. | 62 | 53 | 50 | 48 | .. | |
| Malaria prevalence rate | .. | 39.7 | | 32,5 | 5.7% | .. | 2.9 |
| Goal 7: Ensure environmental sustainability | | | | | | .. | |
| CO2 emission (tonnes per capita) | 0.4 | 0.4 | 0.4 | 0.4 | .. | .. | |
| Forest areas (% of surface area) | 49 | 47 | 46 | 45 | .. | .. | |
| Drinking water access rate in urban areas (% of urban population) | 62 | .. | 81 | 92 | 94 | 100 | 98.7 |
| Drinking water access rate in rural areas (% of rural population) | 51 | .. | 59 | 64 | 75.5 | 82 | 80.1 |
| Sanitation access rate in urban areas (% of urban population) | 52 | .. | 56 | 59 | 63.4 | 78 | 63.3 |
| Sanitation access rate in rural areas (% of rural population) | 9 | .. | 16 | 26.2 | 27.5 | 59 | 34.3 |
| Goal 8: Develop a global partnership for development | | | | | | | |
| Aid per capital (in current USD) | 108 | 76 | 43 | 61 | 71 | .. | |
| Internet users (per 100 persons) | 0.0 | 0.0 | 0.4 | 4.8 | 8.4 | .. | |
| Cell phone subscription (per 100 persons) | 0 | 0 | 3 | 15 | 44 | .. | |

Sources: EDS 2010/2011