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INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP STRATEGY
(FY2013-2017)

FOR

THE REPUBLIC OF SENEGAL

January 18, 2013

Country Department AFCF1
Africa Region
International Development Association

International Finance Corporation
Africa Region

Multilateral Investment Guarantee Agency

CURRENCY EQUIVALENTS

(As of November 7, 2012)

Currency Unit = CFA Francs (CFAF)
CFAF 1000 = US$ 1.95
US$ 1.00 = CFAF 513.82
SDR 1.00 = US$ 1.53

Government Fiscal Year:

January 1 - December 31

ABBREVIATION AND ACRONYMS

AAA	Analytical and Advisory Activities	**ICA**	Investment Climate Assessment
ACAB	Framework Agreement on Budget Support	**IDB**	Islamic Development Bank
AfDB	African Development Bank	**IFC**	International Finance Corporation
		IMF	International Monetary Fund
AfDF	African Development Fund	**M&E**	Monitoring and Evaluation
APIX	Investment Promotion Agency	**MDG**	Millennium Development Goals
APL	Adaptable Program Loan	**MDRI**	Multilateral Debt Relief Initiative
APR	Annual Progress Report	**MEF**	Ministry of Economy and Finance
AGS	Accelerated Growth Strategy	**MIGA**	Multilateral Investment Guarantee Agency
ARMP	Public Procurement Regulatory Authority	**MHI**	Mutual Health Insurance
ASM	Artisanal and Small-scale Mining	**MHO**	Mutual Health Organizations
ASTER	Application des Services du Trésor en Réseaux (Treasury Service Database)	**MTDS**	Medium-Term Debt Management Strategies
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest (Central Bank of West African States)	**MOU**	Memorandum of Understanding
BOAD	Banque Ouest Africaine de Développement (West African Development Bank)	**MSME**	Micro, Small and Medium Enterprises
CAADP	Comprehensive Africa Agriculture Program	**NCB**	National Competitive Bidding
CAPSU	Caisse Autonome pour la Protection Sociale Universal (Social Protection Fund)	**NHDP**	National Health Development Program
CAS	Country Assistance Strategy	**NSBD**	National Standard Bidding Documents
CFAA	Country Financial Assessment	**NSS**	National Statistical System
CPAR	Country Procurement Assessment Review	**NSDS**	National Strategy for the Development of Statistics
CPPR	Country Portfolio Performance Review	**OECD/DAC**	Organization for Economic Co-operation and Development/Development Assistance Committee
CPI	Corruption Perception Index	**ONAS**	National Office for Sanitation
CPS	Country Partnership Strategy	**OPCS**	Operations Policy and Country Services
CPSPR	Country Partnership Strategy Progress Report	**OMVS**	Senegal River Basin Organization
CY	Calendar Year	**PDS**	Parti Démocratique Sénégalais

			(Senegalese Democratic Party)
DCMP	Direction Centrale des Marchés Publics (National Procurement Department)	**PEFA**	Public Expenditure and Financial Accountability
DHS	Demographic and Health Survey	**PFM**	Public Finance Management
DPC	Development Policy Credit	**PASEC**	Program on the Analysis of the Educational System
DPL	Development Policy Lending	**PPFR**	Programmatic Public Finance Review
DPO	Development Policy Operation	**PRSC**	Poverty Reduction Support Credit
DRM	Disaster Risk Management	**PRSP**	Poverty Reduction Strategy Paper
EC	European Community	**PS**	Parti Socialiste du Sénégal (Socialist Party of Senegal)
ECOWAS	Economic Commission for West Africa	**PSI**	Policy Support Instrument
EFA-FTI	Education for All-Fast Track Initiative	**PPP**	Public Private Partnerships
EITI	Extractive Industries Transparency Initiative	**RBF**	Results Based Financing
ESW	Economic and Sector Work	**SENELEC**	Société Nationale d'Electricité (National Power Utility of Senegal)
FCFA	Franc CFA	**SDI**	Service Delivery Indicators
FOB	Free on Board	**SIGFIP**	Système Intégré de Gestion des Finances Publiques (Integrated public finance management system)
FY	Fiscal Year	**SNDES**	Stratégie Nationale de Développement Economique et Social (National Social and Economic Development Strategy)
FDI	Foreign Direct Investment	**SNEEG**	National Strategy for Gender Equity and Equality
GCC	Government Contractors Certificate	**SSA**	Sub-Saharan Africa
GDP	Gross Domestic Product	**SYSCOA**	Système Comptabilité Ouest-Africaine (West African Accounting System)
GER	Gross Enrollment Rate	**TA**	Technical Assistance
GFRP	Global Food Crisis Response Program	**UNDP**	United Nations Development Program
GGSC	Governance and Growth Support Credit	**UNFPA**	United Nations Population Fund
GoS	Government of Senegal	**USAID**	United States Agency for International Development
GPOBA	Global Partnership on Output-Based Aid	**WAAPP**	West Africa Agricultural Productivity Program
HIPC	Heavily Indebted Poor Countries Initiative	**WAEMU**	West African Economic and Monetary Union
HDI	Human Development Index	**WBG**	World Bank Group
IDA	International Development Association		

JOINT IDA-IFC-MIGA COUNTRY PARTNERSHIP STRATEGY
FOR THE
REPUBLIC OF SENEGAL

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REPUBLIC OF SENEGAL

COUNTRY PARTNERSHIP STRATEGY

EXECUTIVE SUMMARY

i. **Senegal aspires to be a high middle income country by the next decade but has been stuck in a low-growth equilibrium since 2006.** Senegal has not shared the rapid growth experienced by many other Sub-Saharan African countries over the last decade. Compared to an average growth rate of 6 percent in the rest of Sub-Saharan Africa (SSA), growth in Senegal averaged only 4 percent between 2000 and 2010, and only 3.3 percent since 2006, with population growth at 2.5 percent. On the fiscal front, the expansion of current spending over the last six years (from 13.8 to 18.1 percent of GDP between 2005 and 2011) has significantly reduced the government's fiscal space. The deficit went from 3.0 percent in 2005 to 6.8 percent in 2011, and total debt is back to pre-Multilateral Debt Relief Initiative (MDRI) levels. Senegal needs to implement policies that improve governance, increase resilience to external shocks and are conducive to accelerate inclusive and sustainable growth, create jobs, and improve service delivery to protect the poor and vulnerable.

ii. **Poor governance has slowed progress in poverty reduction.** With 47.6 percent of its population living in poverty, including 15 percent in extreme poverty, there has been no significant reduction in poverty between 2006 and 2011. The rapid decline of poverty from 55.2 to 48.5 percent between 2001 and 2005 was followed by relative stagnation, with a timid decline from 48.5 percent to 46.7 percent between 2006 and 2011. Senegal traditionally had a good system of public accountability and transparency, but these systems were severely weakened between 2006 and 2011, as illustrated by Senegal's drop in the Governance indicators. Transparency International's Corruption Perception Index (CPI) for Senegal declined from 3.6 to 2.9 between 2007 and 2011. Addressing issues of governance in a comprehensive way will be critical for medium to long term growth.

iii. **Natural disasters such as droughts and flooding have slowed growth and increased the vulnerability of the whole economy.** Like many other countries, Senegal is suffering from a rise in the incidence of natural disasters. Senegal is vulnerable to four main natural hazards: drought; locust invasion; flooding, often with associated epidemics; and a sea level rise associated with coastal erosion. The government needs to put in place strong governance and cost-effective systems to manage these economic, social, and climate-related disasters in order to protect growth and secure livelihoods.

iv. **Overall, the private sector's ability to stimulate the economy has been limited due to a weak investment climate and declining competitiveness, underpinned by weak governance systems and poor implementation follow up.** Senegal's private sector activity has deteriorated since the mid-2000s, as evidenced by the country's export performance. Senegal is ranked 117 out of 144 countries in the 2012 Global Competitiveness Index as inadequate physical and human infrastructure, weak institutions (business environment), and governance continue to weigh on Senegal's growth. Senegal urgently needs to restore the competitiveness of its economy to meet its growth objectives**.**

v. **Senegal's Human Development Index (HDI) is 0.459, ranked 155 out of 187 countries** with comparable data, compared to an SSA average of 0.463 in 2012. Overall, Senegal spends, as a share of GDP, resources that are comparable to its peers, but the intra-sectoral distribution of resources is inefficient, leading to poor outcomes. While the size of the government has grown from 24.1 percent of GDP in 2005 to 29.7 percent in 2011, access to improved services and the quality of services have not improved in many social sectors. Overall, a lack of clear governance and accountability systems is undermining performance in the social sectors.

vi. **To exit the low equilibrium growth trap, the new Government has developed an ambitious program to tackle these challenges.** The Stratégie Nationale de Développement Economique et Social (SNDES) intends to reverse this downward trend by increasing the productivity of Senegal's whole economy, public and private, both of which are underperforming compared to the past and to its peers. The SNDES builds on the Government's political program, the *Yonnu Yokute*, and the joint action platform of civil society, the Assises Nationales.

vii. **This Joint Country Partnership Strategy (CPS) for Fiscal Years 2013 to 2017, of the World Bank, IFC and MIGA, intends to support** SNDES **priorities and Senegal's efforts to engage in a recovery** and a higher growth and shared prosperity path over the medium-term (over the next 5 years). This CPS proposes to leverage substantial amounts of resources from collaboration with the IFC, MIGA, TFs, and also by favoring more regional projects and donor coordination. The overarching focus of the CPS will be on improving governance, building resilience, restoring growth and fiscal space. The Bank program is focused on one foundation and two pillars as follow:

- **Foundation: Strengthening the governance framework and building resilience.** In line with the Bank's updated GAC agenda, the CPS interventions will focus on strengthening governance systems and processes to enhance the predictability, credibility and accountability of the government. In addition, the CPS will also have specific activities in the area of Disaster Risk and Sustainable Land Management to enhance resilience across the whole economy.
- **Pillar 1: Accelerating inclusive growth and creating employment.** Given fiscal constraints, the thrust of work will focus on activities which help reduce government spending by further involving the private sector and leveraging regional and international markets. This approach, coupled with efforts to improve the overall business environment,

will lead to an improved macro-economic and fiscal framework. Increased private sector activity would in turn underpin job creation over the medium term.

- **Pillar 2: Improving service delivery.** The CPS will focus on assisting the Government to improve the allocation and effectiveness of expenditures and the impact on results, particularly in the social sectors. This pillar will focus on improving governance, access and equity in the social sectors.

viii. **World Bank Group support to Senegal has some risks but also high returns**. The program could suffer if: (i) the global economic recovery is delayed; (ii) price shocks persist; (iii) regional and political instability in Mali and other Sahelian countries remain unresolved; (iv) governance issues remain unresolved; and (v) there is inadequate capacity to implement and monitor the program. The team has identified a series of mitigation measures for these risks, which include open and transparent dialogue with the government, frequent program monitoring, the use of civil society to monitor and assess programs and progress, continued dialogue with donors and other international agencies on the international political environment, and close collaboration with the IMF on the macroeconomic and fiscal issues.

REPUBLIC OF SENEGAL

COUNTRY PARTNERSHIP STRATEGY

I. Country Context

Social and Political Context

1. **The population of Senegal is estimated at 13.6 million with an annual growth rate of about 2.5 percent.** Senegal is made up of over twenty ethnic groups, the largest being Wolofs/Lebous (40.8%) followed by Pulars (27.6%), Sereres (14.4%), Diolas (5.3%) and Mandinkas (4.2%). Senegal obtained independence in 1960 and kept the main administrative structures that had been in place prior to independence. In 1982, Senegal joined The Gambia to form the short-lived confederation of the Senegambia, but the merger did not succeed and in 1989 the union was dissolved. Present day Senegal is divided into 14 regions, 113 municipalities, 370 rural communities and 14,400 villages.

2. **Senegal is one of the most stable countries in Africa, and has considerably strengthened its democratic structures.** Since independence in 1960, Senegal has had four presidents. The first President, Leopold Sedar Senghor, ruled from 1960 to 1980, and handed over power peacefully to Abdou Diouf. In 2000 Senegal witnessed the first truly contested elections which resulted in a democratic political transition with the Senegalese Democratic Party (PDS) and Abdoulaye Wade winning over the traditional Socialist Party (PS) of Leopold Sedar Senghor and Abdou Diouf.

3. **In the 2012 elections, Macky Sall, former Prime Minister of Senegal, challenged the incumbent President Abdoulaye Wade, and won the runoff election with 65.8 percent of the vote and was sworn in as President on April 2, 2012.** The elections were the first to feature two female candidates, and they were characterized by a high degree of transparency, and universal acceptance of the results. Although deadly protests preceded the first round of voting, the electoral process was peaceful and resulted in Senegal's second democratic transition.

4. **Civil Society played an important role in bringing about political change in Senegal in 2012.** Youth movements, in particular the M23 movement and the *Y-en-a-Marre,* were vocal about the deteriorating governance environment as well as the need to respect the constitution and the democratic transition process. The June 2011 attempt by the then government to modify the Constitution, allowing victory in presidential elections with only 25 percent of votes, was rejected by the Legislature after strong resistance from the population, thus demonstrating the resilience of civil society

5. **The election also highlighted the important role of the media** to foster transparency and protect the integrity of the elections. All these movements built on the 2011 "Assises Nationales du Senegal," another broad-based consultative civil society initiative that prepared a Charter of Democratic Governance embraced by the current president during the campaign.

6. **Gender equity has been high on the new government's agenda and, for the first time in Senegal's history, gender parity was a requirement for legislative elections.** This contributed to the new National Assembly being composed of 43 percent women (up from 22 percent in the previous assembly). The President's coalition "Benno Bokk Yakaar" won 119 of the 150 seats. The former senate has been dissolved and Senegal has returned to a unicameral system.

7. **Senegal's political stability will remain at risk if the issues of vulnerability and fragility in Casamance are not addressed**. This will require reinforcing social resilience throughout the country and building more national cohesion. Social resilience in the country generally, and particularly in Casamance, has prevented the crisis from deteriorating into civil war. It is a sign of hope that the new Senegalese authorities are convinced that, without peace in Casamance, it will be difficult to break the fragility trap (Box1).

Box 1 : Fragility in the Casamance – a 30-year-old Conflict

The Casamance region has, for the last 30 years, been under-going Africa's longest low-intensity conflict, causing hundreds of deaths and injuries. The Movement of Democratic Forces of Casamance (MDFC), experiencing a sense of abandonment and distance from Dakar, launched a separatist movement in 1982 and created an armed wing in 1985. It is estimated that between 30,000 and 60,000 people have been displaced due to the conflict. Fighting between the Government of Senegal soldiers and MDFC rebels has affected the potential of Casamance to contribute fully to the economy of Senegal and it is estimated that the conflict has cut agricultural production by 50%. The tourism industry has also been devastated by the conflict, with many of the industry's 16,000 employees being dismissed as a result of the continuing struggle. More generally, livelihoods have suffered as insecurity has stifled traditional and commercial agriculture, trade and tourism.

The newly-elected President has stressed that resolving the Casamance crisis is a top priority. Immediately after being sworn-in, he made his first trip to The Gambia to demonstrate how important the resolution of the Casamance question is to Senegal. Cabinet Ministers met on June 27, 2012 in Ziguinchor under the President's chairmanship, and he reaffirmed that his government was open to talks aimed at finding durable peace in Casamance. The prospect of re-engaging in Casamance to find a peaceful solution has generated interest within the political leadership of the country, as well as among civil society organizations, local communities, donor agencies and the Movement of Democratic Forces of Casamance (*Mouvement des Forces Démocratiques de Casamance)*

World Bank 2012

Poverty, Gender and the Millennium Development Goals

8. **Poverty in Senegal declined only slightly over the last six years to 46.7 percent in 2011 from 48.3 percent in 2005**. This contrasts with a decline from 55.2 percent to 48.3 percent between 2001 and 2005, during this period, growth was moderately inclusive, with a growth

elasticity of 1.1, slightly better than the SSA average (1.0). The disappointing performance in the more recent period is consistent with the macroeconomic environment and with a series of shocks that affected welfare during 2006-2011, including poor rains, global food and fuel price shocks, and floods, as well as deterioration in overall governance. However, the growth elasticity of poverty also appears to have fallen. Extreme poverty, defined as the portion of the population whose total consumption is less than the cost of a food basket providing minimum calorie requirements, dropped more slowly – from 17 percent to 15 percent between 2001 and 2011.

9. **The poverty gap between Dakar and rural areas has widened**. Poverty remains highest in rural areas, where 57.1 percent of the population was poor in 2011 compared to 26.1 percent in urban Dakar. From 2001 to 2011, poverty was reduced the most in Dakar, where it decreased by 12 percentage points, compared to 8 and 4 percent in rural areas and "other urban centers"' respectively. Seventy percent of the poor lived in rural areas in 2011, unchanged from 2001. Of the extreme poor, more than a third lived in the Kolda or Ziguinchor regions of the Casamance. About 62 percent of people living in households with a head whose main occupation was agriculture were poor, compared to 33 percent for other occupations.

10. **Inequality is significant and has remained stable in Senegal over the last decade.** The Gini coefficient fell slightly from 39.2 in 2001 to 37.4 in 2005 and 37.8 in 2011. However, the ratio of the expenditures by the top quintile compared to the bottom quintile went up from 6.7 in 2001 to 7.0 in 2005 and then back to 6.9 in 2011. The Gini coefficient is about average for SSA.

Table 1: Poverty and Inequalities – trends during the last ten years

Poverty indicators	Dakar	Other urban	Rural	National
2001/2002				
Poverty incidence	38	45.0	65.1	55.2
Confidence interval (95%)	*[33.8-42.2]*	*[39.3-50.7]*	*[62.1-68.0]*	*[52.9-57.5]*
Gini	*36.3*	*33.0*	*29.1*	*39.3*
Poverty gap	10.2	13.4	21.2	17.2
Severity of poverty	3.8	5.5	9.1	7.3
2005/06				
Poverty incidence	28.1	41.3	58.8	48.3
Confidence interval (95%)	*[23.5-32.6]*	*[38.0-44.6]*	*[55.6-62.0]*	*[46.1-50.6]*
Gini	*31.9*	*28.9*	*30.2*	*37.4*
Poverty gap	6.8	11.6	20.2	15.4
Severity of poverty	2.4	4.8	9.5	6.9
2011				
Poverty incidence	26.1	41.2	57.1	46.7
Confidence interval (95%)	*[20.1-32.1]*	*[36.9-45.5]*	*[53.5-60.1]*	*[44.1-49.3]*
Gini	*30.8*	*30.6*	*29.0*	*37.8*
Poverty gap	5.8	13.1	18.6	14.5
Severity of poverty	2.1	5.9	8.7	6.6

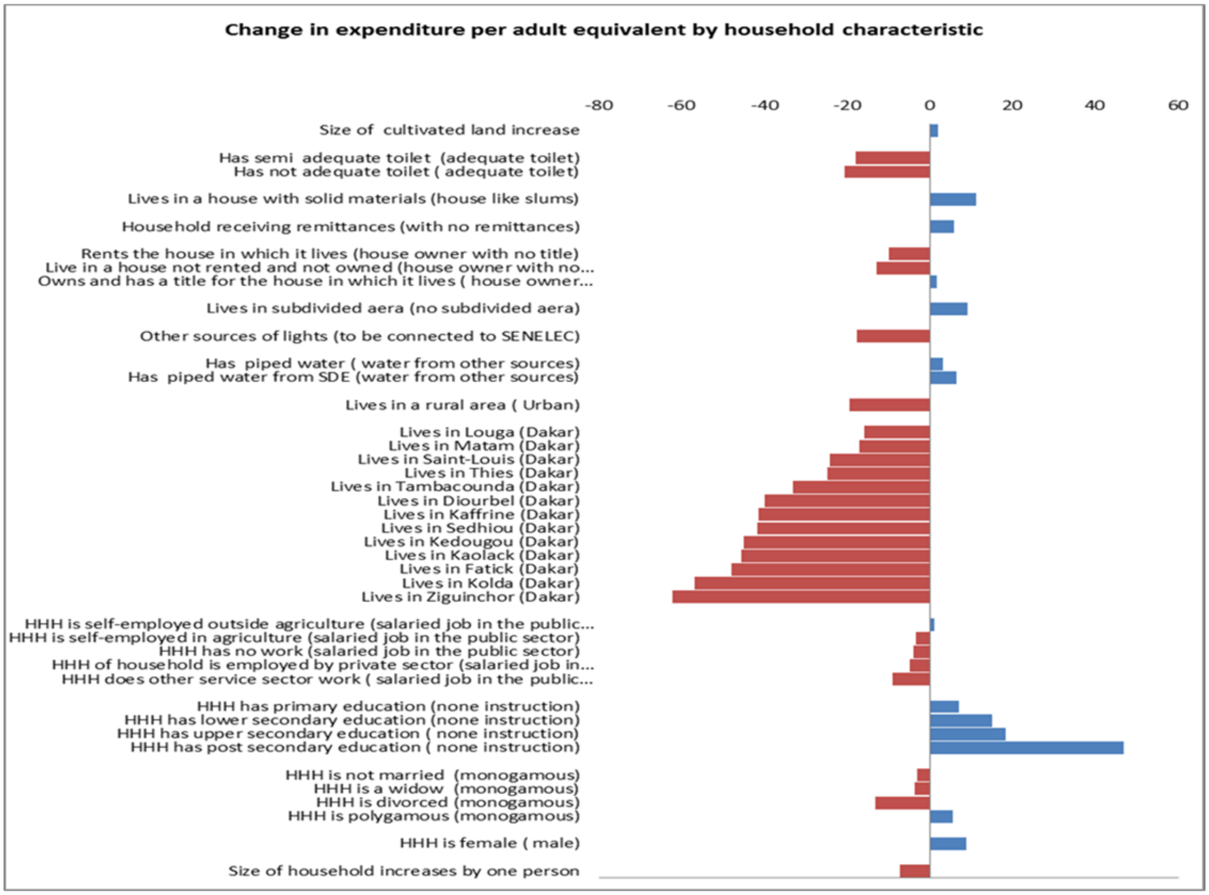
Source: World Bank, ANSD

11. **Lack of education, household size, and the gender of the head of the household are major correlates of poverty in Senegal.** In 2011, 54 percent of people living in a household whose head had no formal education lived in poverty, unchanged since 2005. In contrast, poverty among those living in households whose head had primary education came down from 43 percent to 34 percent over the same period. About 83 percent of the poor live in households with a non-educated head, a figure unchanged over the past 10 years. Additionally, larger household

size is strongly associated with higher poverty**.** The poverty rate of people living in female-headed households is 35 percent, compared to 51 percent for male-headed households.

12. **The poor suffer more shocks than the non-poor and have fewer or no coping strategies** due to the absence of an effective safety net system. Unsustainable management of natural resources impacts poor and rural households more acutely. Rural and poor households depend heavily on natural resources, primarily for food production as well as for wood energy, hunting and gathering. Terrestrial and oceanic ecosystems are at risk, with land degradation affecting 34 percent of the land area, causing deforestation (0.5%) and overfishing, and contributing to increased poverty. The level of food insecurity for 28 percent of the population is extremely high. Figure 1 presents the determinants of poverty.

Figure 1: The determinants of poverty



13. **Despite clear progress over the past decade, many MDGs will be difficult to achieve.** There has been significant improvement in a number of goals where Senegal is on track to meet the MDG goals. These include goals for malnutrition, gender equity in primary and secondary schooling, improved water source, and under-5 mortality rates. In general, programs which have had specific measureable objectives and clear goals, effective targeting to poor and disadvantaged groups, indicators which are monitored with significant community involvement,

accountability mechanisms, and social mobilization strategies have had positive results and are on track to reach MDG goals.

14. **Health indicators addressed by "vertical" programs including HIV/AIDS, malaria and nutrition have performed well.** For example, the proportion of children sleeping under treated bed nets increased from 14 percent in 2005 to 35 percent in 2011 (DHS). The malnutrition program, which specifically targeted pregnant women and children under 5 in poor rural and urban areas, has reached over 1.1 million children under 5 (60 percent of the population), leading to a dramatic fall in chronic malnutrition and child stunting to 16 percent in 2011. The primary education gender equity goals have been met by targeting specific regions; in 2011, the ratio of girls to boys in primary enrollment was 106 compared to 86 in 2000.

15. **Successive external and domestic crises over 2006-2011 have undermined growth and delayed progress on some MDGs, such as MDG1 –** reducing poverty by half. Regional disparities in access and overall low quality of basic social services remain a serious concern. In the education sector, despite high admission rates at grade one, completion rates still remain low due to high dropout rates at the first and fifth grades and also the low access rates in some areas where people are asking for a different education that is more aligned with their religious beliefs. Little progress has been made on improving MDG 5 relative to maternal mortality, which remains high at 392 for 100,000 births. Those indicators addressed by the overall health system have not seen major improvements due to weak accountability systems for providing good services and also inefficient intra-sectoral budget allocations. The modern contraception rate is still low (at 12.6% in 2010, from 10.3% in 2005). The rate of births assisted by trained personnel has only increased marginally to 65% (DHS 2010) from 52 % in 2005, and immunization coverage has not increased substantially – all of which explains why neonatal mortality is still high (36 per thousand in 2010).

Country Statistical Systems

16. **Since 2004, Senegal has strengthened its National Statistical System (NSS) with the establishment of a more independent statistical institution, *Agence Nationale de la Statistique et de la Démographie* (ANSD)**, a statistical law, a National Strategy for the Development of Statistics (NSDS), and a new statistical school (ENSAE-Senegal). The new law was approved in 2011 and it includes the organization of a nation-wide survey program, more open access to data, and the management for results approach for statistical development. The main constraints to the NSS are: difficulty in access to primary data, sector statistics not being fully included in the SDS, ad-hoc surveys based on availability of funding, and poor management systems leading to difficulty with collection and dissemination. Development Partners have established a Thematic Group, chaired by AfDB and UNFPA, to finance NSDS implementation and to coordinate efforts in supporting Senegal's statistical development.

Economic Developments

17. **Senegal's economic growth cycles reflect large effects from economic and internal governance shocks. From 1995 to 2005 the economy grew at 4.5 percent.** Following the 1994 devaluation, the economy entered a relatively long period of sustained high level growth.

Growth peaked at about 6 percent in 2003 and 2004, mostly owing to good weather conditions, a favorable external environment and appropriate domestic policy. With high real growth rates, strong macro-economic consolidation, and HIPC debt relief of around US$800 million, Senegal ran large primary surpluses, allowing for ample fiscal space to increase investment and underpin growth. On the external front, robust capital inflows, rising remittances, and increasing FDI also helped keep Senegal's external position stable. However, real growth has slowed since 2006 when the economy was buffeted by a series of domestic and external shocks (see Box 2) as well as poor policies that persisted through 2011. Together these have structurally changed the country's macro-economic fundamentals and constrained growth.

Box 2: Recent Shocks

A series of domestic and external shocks in 2006-2012 stalled per capita GDP growth at 0.7 percent. Poor rains in 2006-2007 led to a fall in agricultural output by about 15 percent in each year, followed by a spike in food and fuel prices in 2008. These had a major impact on the cost of living, since Senegal imports 80 percent of its rice and 100 percent of its wheat and fuel oil.

The global financial crisis of 2008-09 revealed Senegal's significant exposure to the global recession. Impacts included declines in export demand and prices, tourism, remittances and FDI. Although this crisis produced a temporary fall in food and fuel prices, the fall was short-lived and in 2010-11 prices rose sharply again. The world slowdown in 2012 has done little to moderate prices.

Floods and droughts in 2009 and 2012 threatened livelihoods. The floods affected some 475,000 people in 2009 and 300,000 in 2012, mainly in the Dakar area. Recent floods have taken a heavy human and economic toll and affected every part of society. The cost of the 2009 flooding in Senegal is estimated at US$103 million, including almost US$56 million for damages and US$47 million for losses; droughts in 2011 resulted in a 20 percent reduction in agricultural output.

Governance shocks weakened institutions and exacerbated the impact of external shocks. There were frequent changes in the composition of the government (6 Prime Ministers in 12 years and more frequent changes at Ministerial levels). This weakened the implementation of public policies and strategies. The ad hoc creation of new autonomous agencies increased significantly after 2000, to the point where they accounted for some 80 percent of public investment. Without proper oversight mechanisms, this seriously reduced the monitoring and transparency of public spending. Then in 2008, when the external environment deteriorated, weaknesses in budget management were exposed. Unplanned spending and tax cuts led to the accumulation of arrears to private suppliers as well as cuts in priority programs such as vaccinations. An audit in 2009 concluded that cumulative payment arrears between 2006 and 2008 were equivalent to almost 4 percent of GDP, due primarily to agencies. Governance problems in the energy sector, resulting in substantial losses and insufficient private sector investment, hampered the country's ability to cope with rising oil prices.

Political instability in the run up to the 2012 elections and in neighboring countries contributed to instability. The decision of President Wade to seek a third term, combined with dissatisfaction over rising prices, power outages, and unemployment, led to occasional riots, uncertainty among investors, and a weakening of the reform effort. Just as the presidential elections were resolving matters peacefully, two coups d'états occurred in neighboring Mali and Guinea Bissau. The former is particularly important economically as Senegal's largest trading partner and transit destination, while Guinea Bissau's instability hampers the resolution of the Casamance crisis.

Source: World Bank, 2012

18. **A weak fiscal policy environment and accelerated recurrent spending during the 2006-2011 period tightened fiscal space and reversed growth.** Between 2005 and 2011, the fiscal deficit increased from 3 percent of GDP to 6.7 percent. Weaknesses in fiscal policy and PFM, such as the increase of extra budgetary spending via the creation of government agencies, were compounded by ineffective and untargeted subsidies for electricity and food. The expansion of current spending during the crises – from 13.8 percent of GDP in 2005 to 18.1

percent of GDP in 2011, particularly for transfers, growing debt service and wages – has significantly limited Government's space to undertake further stimulus measures as the crises persist.

19. **Furthermore, as spending and debt grew, interest payments on debt reached the pre-HIPC level of 1.5 percent of GDP.** Poor governance in the energy sector undermined efficiency and private sector participation in the sector; and repeated injections of public money, totaling 7 percent of GDP over several years, to fund operations or recapitalize the electric utility SENELEC have not delivered the expected results. Similarly, in agriculture, non-transparent bidding processes, poor targeting for agriculture inputs, and untargeted food subsides increased the costs of other transfers. By 2011, total transfers and subsidies amounted to almost 5 percent of GDP, leaving no room for additional capital expenditure. To restore growth, the government will need to reduce its direct interventions in areas where the private sector can do better, such as energy, agriculture, and telecommunications, and focus on improving the productivity of public sector spending.

Table 2: Fiscal Expansion in Senegal

	% of GDP			Change	
	2000	2005	2011	2000-2005	2005-2011
Overall fiscal balance (including grants)	0.7	-3	-6.7	-3.7	-3.7
Total revenue and grants	18.8	20.8	22.4	2	1.6
Revenue	16.9	19.2	20.2	2.3	1
Grants	1.9	1.6	2.2	-0.3	0.6
Total Expenditure and net lending	18.1	24.1	29.1	6	5
Current expenditure	12.3	13.8	18.1	1.5	4.3
Wages and salaries	5.3	5.6	6.3	0.3	0.7
Interest Due	1.4	0.9	1.5	-0.5	0.6
Of Which: External/	1.2	0.8	0.7	-0.4	-0.1
Other current expenditure	5.7	7.3	10.3	1.6	3
Transfers and other Subsidies	2.8	3.6	4.9	0.8	1.3
of which SENELEC		0.5	1.8	0.5	1.3
Goods and services	2.9	3.6	5.2	0.7	1.6
Capital expenditure	5.6	9.9	10.5	4.3	0.6
Domestically financed	3.2	6.3	7	3.1	0.7
GDP (Billions of CFA francs)	3332	4582	6818		

Source: Budget laws and IMF staff reports.

20. **More recently, in 2011, real GDP growth slowed to 2.6 percent, due to continued energy shortages and a large contraction in agricultural output.** While nonagricultural activities grew by 4.8 percent, agricultural output declined drastically in the fourth quarter, when more than 50 percent of the annual production is harvested, leading to a fall in annual output of 21 percent. Electricity supply improved in the last semester, thanks to the implementation of the emergency energy recovery plan. Dynamism in the telecommunication, transport, and financial sectors contributed to the good performance of the tertiary sector. On the demand side, public spending, private consumption, and exports were the main drivers of economic growth.

21. **The country's overall external position remained sound but weakened, as the current account deficit increased**. The 2011 current account deficit, including official grants, widened by two percentage points to 6.4 percent of GDP reflecting the evolution of the trade balance and remittances.

22. **Macroeconomic performance in 2012 remained weak.** Real GDP growth for 2012 has been revised downward to 3.7 percent (1.1 percent in per capita GDP terms), from 4.4 percent initially projected, despite an expected agriculture rebound. This revision reflects larger effects than expected from the 2011 drought, the tense pre-electoral environment, the prolonged euro crisis, and the political crisis in Mali. In 2012, the current account deficit, including grants, is projected to widen to about 7.8 percent of GDP due to increased food and infrastructure imports, while FDI will edge upward.

Medium Term Outlook and Debt Sustainability

23. **Over the medium term, Senegal is expected to regain economic momentum and return to its historical growth trajectory.** Growth is projected to accelerate to 5 percent by 2015, the same rate of growth achieved in 2003-07. GDP growth is expected to be driven by continued momentum in domestic demand, while external demand is expected to build up gradually as structural constraints are addressed. On the supply side, output growth will be broad-based, including agriculture, mining, industry and construction, and the services sectors. The authorities have renewed their commitment to maintaining a prudent fiscal stance over the medium term by keeping the fiscal deficit below 5 percent in 2013 and below 4 percent in 2015. The external current account deficit will remain high in the medium term, reflecting mainly higher imports associated with infrastructure projects and the resumption of growth. For the medium term, the external current account deficit is projected to gradually decrease but will remain above 6 percent of GDP until 2015 as the trade balance improves.

24. **Senegal's public debt has increased steadily in recent years, but the risk of debt distress remains low.**[1] The ratio of public debt to GDP is projected to reach 46 percent in 2012, close to levels that prevailed when Senegal benefited from debt relief under the Multilateral Debt Relief Initiative (MDRI) in 2006. The bulk of public debt is external, i.e., owed to non-residents of the West African Economic and Monetary Union (WAEMU), although the share of domestic debt has increased.[2] Most of Senegal's public external debt is on concessional terms. Debt burden indicators remain well below their thresholds in the baseline scenario, but stress tests lead to minor breaches of some thresholds. These stress tests highlight the importance of reducing fiscal deficits and raising growth. The authorities acknowledge that fiscal consolidation and a cautious approach to non-concessional borrowing are critical for safeguarding debt sustainability.

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[1] Public debt refers to debt of the central government.

[2] Domestic debt includes debt issued in the WAEMU financial market.

II. Government Program and Development Challenges

Government Program

25. **The newly elected Government has put forward a strong and ambitious SNDES, intended to put Senegal on an accelerated recovery and growth path that will lead to higher, stable, and shared growth over the medium to long term**. The SNDES builds on two main documents: the Government's political program, the *Yonnu Yokute*; and the joint action platform of civil society, the Assises Nationales. Yonnu Yokute committed to make Senegal "a model of efficient governance" and to "break with previous discretionary practices and lack of transparency." The new, highly ambitious SNDES program for 2013-2017 outlines a vision of an emerging nation enjoying solidarity within and between the generations. The program emphasizes the importance of selectivity, monitoring and evaluation. The priorities are grouped into a Priority Action Plan linked with the national budget framework. It is clustered around three broad priority areas:

- Growth, Productivity, and Wealth Creation;
- Human Capital and Sustainable Development; and
- Governance, Institutions, Peace and Security.

26. **The SNDES pillar on *Growth, Productivity, and Wealth Creation* builds on the Accelerated Growth Strategy.** It envisions a more dynamic export sector, a larger contribution from agriculture to growth, a more favorable investment climate, and the restructuring of the electricity sector, built on a sound macroeconomic framework with stronger strategic planning. Agro-industry, information and communication technology, banking and tourism are singled out as priority sectors, with particular attention to be given to indigenous small and medium enterprises. Special emphasis is placed on regional growth poles. Infrastructure investments are planned in road, rail, air and sea transport infrastructure, including urban transport; along with attention to trade facilitation along key corridors to support the regional growth poles. The strategy continues to put as its centerpiece for growth, improvements in the energy sector. It is estimated that over 150,000 jobs must be created each year to absorb the growing labor force – and it will have to do more over the long run to reach full employment. While three growth scenarios are presented, the strategy aims for the most ambitious one, with average GDP growth of 6.8 percent over the period. Exports of goods and services are expected to grow by 7.5 percent per annum; and the fiscal deficit is forecast to fall to 3.6 percent by 2017, thanks to rising revenues, controlled spending, and the utilization of public-private partnerships.

27. **The SNDES pillar on *Human Capital and Sustainable Development* acknowledges the essential role of good quality basic social services** and emphasizes the links between human development and growth. Specifically, the strategy aims to improve the quality of services, governance, and access to basic services, deepen public private partnerships for efficiency and provide stronger incentives; and put in place a policy and operational framework to strengthen resilience and social protection for vulnerable groups. The Government intends to create a single window for universal social protection (*Caisse Autonome pour la Protection Sociale Universelle,* CAPSU) that would have responsibility to set up an effective cash transfer and safety net system, the development of health insurance, and other risk pooling mechanisms. The SNDES also

emphasizes the importance of sustainable natural resources management and disaster risk management as a priority both for income generation and security.

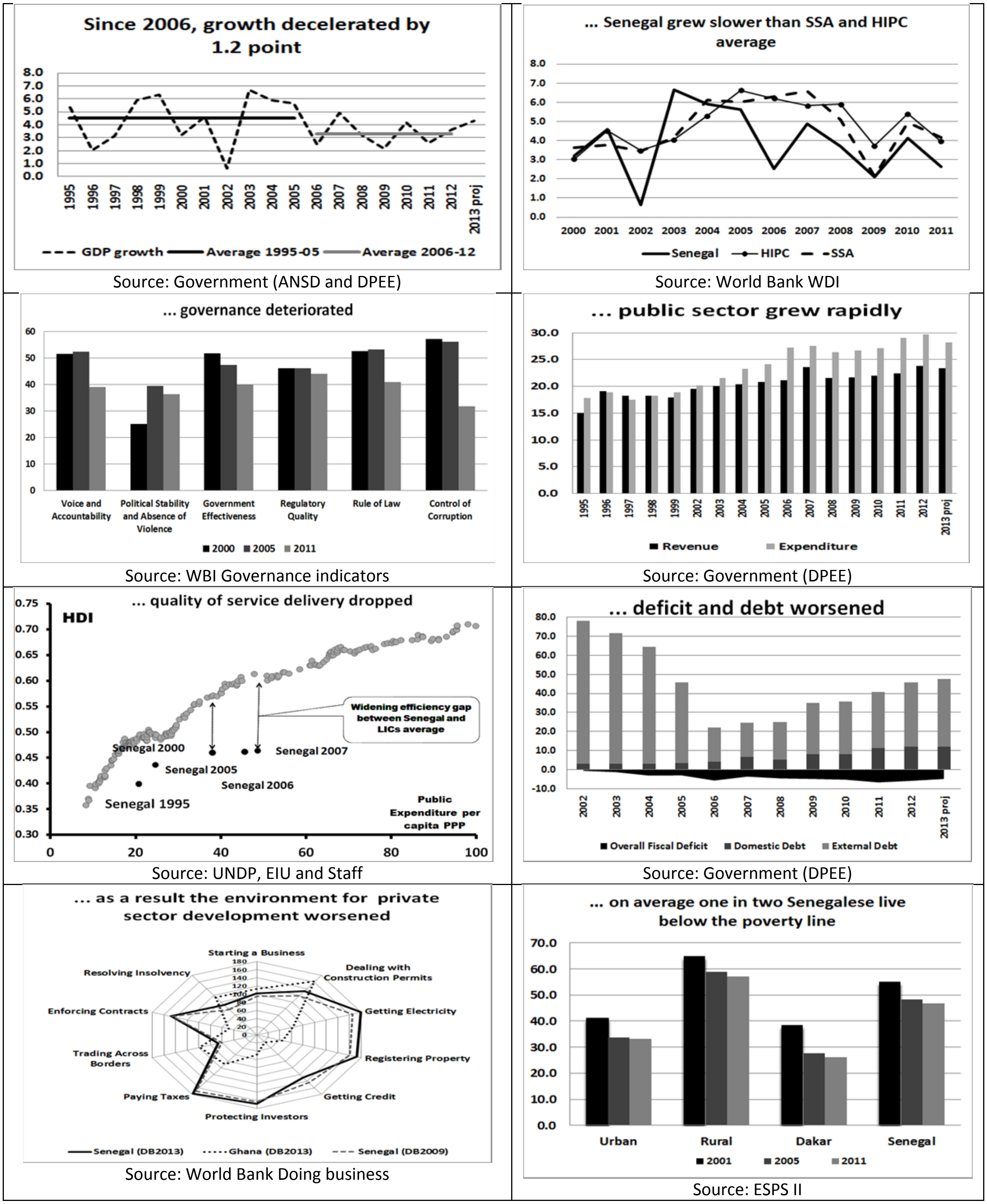
28. **The SNDES program for *Governance, Institutions, Peace and Security* is a full and comprehensive agenda** which addresses corruption, PFM reforms, monitoring and evaluation, transparency, peace and resilience, accountability and justice, human rights, and gender equality. Peace and resilience objectives include resolving the conflict in Casamance and ensuring enhanced social cohesion through increased decentralizaton. Accountability and human rights objectives refer to a more ethical and transparent relationship between the state and civil society; a more effective and equitable justice system; as well as human rights protection and gender equality. On justice, the objectives for the period 2013-17 include improving access, quality, and efficiency of justice by reducing the duration of preventive detention; and by strengthening sanctions against abuses to women, children and minorities. Gender is seen as a cross-cutting challenge requiring an integrated approach, giving more autonomy to women, promoting leadership by women, and promoting their role as entrepreneurs. The WBG concurs with the main development challenges identified in the SNDES.

Governance and Resilience Challenges

29. **The quality of governance in Senegal has been declining since the early 2000s despite some important advances in procurement and budget preparation reforms.** Senegal's governance indicators have been declining over the last decade as illustrated by several international governance indicators. The World Governance Indicators show that 4 out of 6 sub-indicators – Voice and Accountability, Rule of Law, Government Effectiveness, and Control of Corruption – have declined from a medium level score (50th-75th percentile) to a low score (25^{th}-50th percentile) since the year 2000. With the Mo Ibrahim Index, Senegal's overall governance score also declined between 2006 and 2011 (-3.0) and this decline was the strongest in WAEMU countries during the period.

30. **The deterioration in governance was manifested in particular by an increase in the number of arbitrary government decisions** and a lack of clarity in the allocation of roles and responsibilities in the civil service, and of resources, over the last few years. Despite substantial progress in strengthening the legal and institutional framework for public expenditure and financial management, the government still needs to finalize the sequencing and implementation of many aspects of the reforms. On the planning and budgeting front, the link between sector policies and priorities and the budget is still very weak, in addition to major capacity constraints in different ministries.

Figure 2: Senegal's growth and Poverty reduction challenges 2000-2011



Source: Government (ANSD and DPEE)

Source: World Bank WDI

Source: WBI Governance indicators

Source: Government (DPEE)

Source: UNDP, EIU and Staff

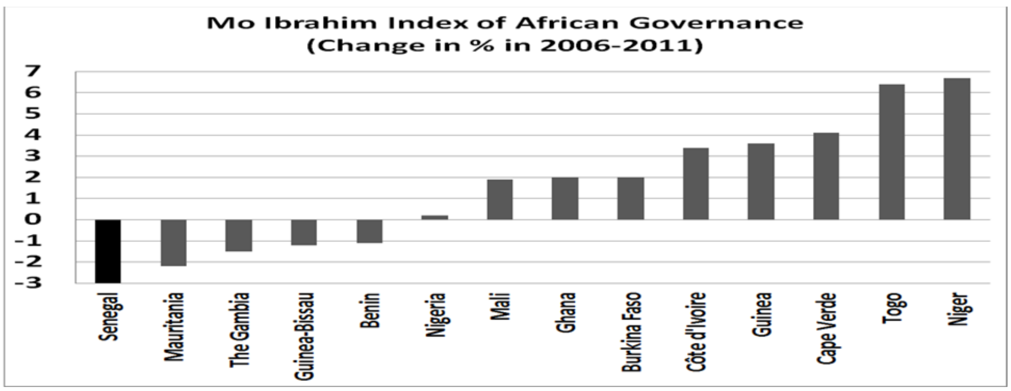
Source: Government (DPEE)

Source: World Bank Doing business

Source: ESPS II

31. **More symptomatic of the lack of a clear legal public administration accountability framework was the proliferation of agencies.** Over 90 percent of current public agencies (approximately 70) were established by the previous government during the last decade, often with donor support, and without a law governing agencies (a law was passed in 2009). Often these agencies had redundant mandates, such as support to youth employment, support to SMEs, and public investment; the latter being managed by AGEROUTE, APIX, and AGETIP, without clear rules to allocate public investment projects among these agencies. More importantly, roughly three-quarters of the investment budget (or about 8 percent of GDP) is executed by these agencies, thus weakening internal controls and transparency.

Figure 3: Mo Ibrahim Governance Index



32. **During the same period, the independence of the judiciary and other oversight agencies was frequently undermined.** The internal control function exercised by the executive was weakened by a lack of coordination among the respective inspection agencies at the center and multiple ministerial agencies. There has also been limited legislative oversight. Although the parliament approved the Budget Review Acts, the actual budgets for 2008, 2009, and 2010 were only audited in 2011. The findings were not made public, and very few actions have been taken on the findings and the auditors' recommendations. In addition, the government stalled reforms of the Supreme Audit Institutions aimed at enhancing its independence and protecting its ability to publish reports without presidential authorization. In the area of public procurement, the former government, in January 2012, adopted a new version of the procurement code, excluding the operations in the energy sector, without consulting the Authority for the Regulation of Public Procurement (ARMP) or relying on the participatory process required to change the code. The challenges regarding access to justice and capacity building of judicial personnel still need to be addressed.

33. **The new Government is taking action to reverse some of the governance weaknesses (Box 3).** In addition to the measures mentioned above, the Government has restored the public procurement code to its original form, is taking steps to strengthen the financial management of universities, is launching the process of evaluation of public agencies, is improving personnel management in education through reinforcing the "deconcentration" process, and has launched a civil service audit. However, more remains to be done.

Box 3: An Agenda for Improved Governance and Accountability:

Reforms introduced by the new government

Code of Transparency. A law has been submitted to the Parliament to adopt the WEAMU code of transparency, which will trigger the adoption of a law for asset declaration and the financing of political parties, and enhanced disclosure of budgetary information. An initial asset declaration was made by the President and two members of Government immediately after the elections**.**

Enhanced independence of the Supreme Audit Institution (SAI). A draft organic law for the SAI (*Cour des Comptes*) has been approved by the Council of Ministers to strengthen its financial independence and authority to publish reports without the ex-ante agreement of the executive. The government also decided to conduct a comprehensive audit of public accounts.

Stolen Asset Recovery Initiative and Justice Sector. The Ministry of Justice initiated a process of stolen asset recovery and is planning to improve justice effectiveness and equity.

Les Assises Nationales and dialogue with civil society and the legislature. Building on the campaign commitment to consult civil society, the President, in September 2012, launched a forum on the role of Constitutional Institutions in democratic governance, to reflect in particular on the respective roles of the executive and the legislature in Senegal. Members of Parliament, unions, academics, and representatives of government are involved in this forum.

Source World Bank 2012

34. **Strengthening public sector accountability and performance is important for building a strong state that is politically, socially and economically resilient.** Maintaining the capital of civil society trust gained during elections is critical for the Government. This could be achieved through a public administration able to effectively plan, manage human and financial resources, and monitor activities. This would allow for more effective service delivery and the implementation of economic policies, as well as the transparency and judiciary reforms planned by the government.

35. **Poor governance and weak institutions are also exacerbating the problems of shocks and natural disaster management.** Senegal is facing increasing climate change challenges. While climate science uncertainty makes it difficult to accurately predict the effects of climate change, there is an emerging consensus that the future outlook for Senegal may include considerable increases in the length and intensity of droughts.

36. **Senegal's most valuable natural capital – land – is at risk.** In Senegal, soil related natural capital is an important engine of long-term growth, and it is worth US$1,272 per capita compared with per capita income of US$1,080. Agricultural land accounts for 63 percent of natural wealth; while forest assets, including timber and non-timber resources, account for 30 percent. Preventing further land degradation could save over 4.5 percent of GDP; currently, land degradation affects approximately 2.5 million hectares, about 34% of the land area. Drivers of land degradation include land clearing for agriculture and wood energy collection.

37. **Climate change has influenced and will continue to negatively influence the availability of water resources, agriculture and coastal zones.**[3] Drought affects mainly arid and semi-arid Sahelian areas in the northern part of Senegal. From 1977 to 2002, the country experienced six years of major shocks in terms of rainfall, characterized by late arrival of rains, irregular spatial distribution, and an early end of the rainy season.[4] The rising sea level and coastal erosion threatens the 74 percent of households in Senegal that live in coastal areas, and the economic activities that they undertake in the fishing, tourism, and agriculture sectors. This requires better management of water resources, including the revitalization of the Senegal river basin and protection of available water reserves, and a strengthening of the fight against drought and desertification with the use of appropriate agriculture technologies. Recent floods have taken a heavy human and economic toll in peri-urban Dakar.

38. **Despite the efforts and progress made to build resilience, a number of institutional and governance challenges still need to be addressed.** The Disaster and Risk Management (DRM) mechanism is not fully successful due to the complexity and lack of clarity of the institutional and governance arrangements, and the weakness of the supporting legal, regulatory and operational mechanisms. There are weaknesses in: vulnerability and risk assessments and evaluation of potential effects and impacts on the population, infrastructure and assets; and stakeholders' lack of knowledge of the current DRM organization and of possible key contributions from their side on preparation, emergency and recovery. In addition, the Directorate of Civil Protection (DPC)'s current structure and profile are weak and thus constrain its ability to coordinate, mobilize and facilitate interventions. Finally, local DRM is still weak as decentralizing of DRM capacities and resources to local authorities has been slow. Defining the responsibilities of all stakeholders, strengthening their capacity to successfully implement changes, and increase the awareness of other stakeholders are crucial needs.

39. **In the Casamance Region,** where the threat of natural and economic shocks is aggravated by social and political unrest, the government will have to build a stronger state presence and strengthen the social contract between the state and the people by: improving the effectiveness of the local governments (ARDs) with respect to delivering services, including security, and working with the private sector to create jobs and improve the livelihood of the population, especially for women and youth.

Private sector challenges

40. **Most of the much needed job creation will have to come from the private sector as the state cannot sustainably create stable and secure jobs.** In Senegal, in addition to traditional artisanal and agricultural activities, the private sector is composed of a modern formal sector and an informal sector. In the first half of the 2000s, the Senegalese private sector included about 1700 modern formal firms. Nearly 56 percent of these firms operated in services and 43 percent in industry. However, the ability of this private sector to generate growth and employment is undermined by a weak investment climate; and economic sectors are not growing

[3] All data presented in this section is from NAPA.

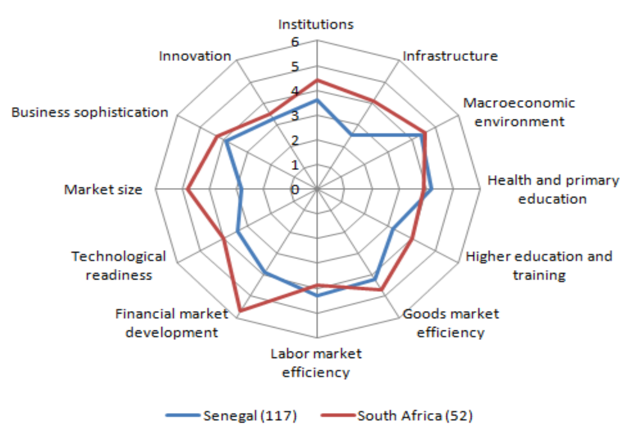
[4] National Strategy for Social Protection and Risk Management (2006-2010).

or expanding fast enough to absorb the growing labor force. Data show that besides public administration, the main sectors contributing to growth in Senegal are the telecommunications sector, commerce, construction, financial services, real estate, agriculture, energy and livestock. Agriculture, while it contributes only 3 percent to growth, employs over 60 percent of the population; however, over 75 percent of the jobs in this sector are not secure. In the fisheries sector, another high employment sector that employs 28 percent of the poor, over a third of the jobs are not stable.

41. **Overall, the private sector's role in stimulating the economy has been limited due to a weak investment climate underpinned by weak governance systems and poor implementation of reforms.** Senegal's private sector activity has deteriorated since the mid-2000s, as evidenced by the country's export performance. Exports as a percentage of GDP went from 31 percent to 24.5 percent of GDP between 1995 and 2010. Although the export basket of the country has moved away from its former exclusive reliance on Europe due to increased intra-regional trade, Senegal still has a relatively high concentration of exports. The top five destination markets in 2011, which accounted for almost 50% of total exports, were: Mali (15.8%), India (14.8%), Switzerland (9.2%), Guinea (4.8%), and France (4.6%), making Senegal vulnerable to specific shocks. The top foreign exchange earners are tourism, followed by exports of fish products, petroleum oils, phosphoric acid, gold and cement.

42. **The private sector in Senegal faces a number of constraints.** Some of Senegal's key weaknesses in terms of global competitiveness (Figure 4) include *infrastructure* (especially the quality of electricity supply), *higher education and training* (especially enrollment in tertiary education and staff training), *innovation and technological readiness* (capacity for innovation, patents, internet bandwidth), and *institutions* (business environment). The most important constraints for doing business include infrastructure (mainly electricity), access to finance and taxation, both in terms of rate and regulations.

Figure 4: Global Competitiveness of the Senegalese Economy (Min = 0, Max = 7)



Source: World Economic Forum (2012). *2013 Global Competitiveness Report*, Geneva

43. **The high cost of energy (Table 3), coupled with unreliable supply (especially for electricity), is a key constraint to private sector growth and also contributes to undermining the fiscal framework.** The challenge for Senegal is to ensure a competitive supply of electricity in the industrial zones and agricultural areas that have the greatest potential. The electricity sector requires rehabilitation and modernization to cope with a demand that increases by about 10 percent per year. In 2010, power outages occurred 270 days out of 365, with the impact of these outages on economic growth as high as 1.4 percentage points of GDP. In addition, load shedding worsened in 2011, with about 250 GWh of undistributed energy, representing 11 percent of total electricity sales. Investment projects to diversify the energy mix away from oil were conceived as early as the mid-2000s, but have not yet materialized.

Table 3: Average price of electricity in US cents per kWh

Year/Country	Senegal	Mali	Kenya	Guinee	Cote d'Ivoire	Ghana	South Africa
2008	22	17	17	13	12	12	7
2011	24	18	17	13	12	12	7
1 USD = 500 XOF							

44. **Senegal will need to diversify its energy mix, including by attracting private sector investments and improving sector governance.** Senegal's heavy dependence on imported oil products for its energy supply has hurt its competitiveness, weakened its fiscal framework, and continues to severely undermine growth. Investments in the sector over the last five years have been inefficient and have crowded out other more productive expenditures and investments.

45. **On the infrastructure and logistics front, Senegal's road infrastructure lags behind the rest of sub-Saharan Africa, and Senegal is not well connected to its neighbors or to its interior regions.** With a network of 14,850 km of classified roads, out of which 5,500 are paved, the density of road infrastructure in Senegal is relatively low. The percentage of paved roads in good or fair condition (59%) is also below SSA average, while the Rural Access Index percentage of rural people who live within two kilometers (typically equivalent to a 20-25 minute walk) of an all-season road is around 29%, compared to 34% for low-income SSA countries. On the rail front, the rail line between Bamako and Dakar (1233 km) is in poor condition and needs urgent rehabilitation. Demand for the rail is high: in 2010, traffic was about 440,000 tons, with a modal share of about 52% for containers, in spite of the current condition of the line. In terms of urban transport, an urban transport policy promoting modal shift from cars to quality public transport services is required to solve the congestion issue in a sustainable way.

46. **Firms also complain about the high cost of credit, the high collateral requirements, and the fact that banks are reluctant to take risks.** Access to finance is among the top three constraints to doing business for the Senegalese private sector. On the supply side, the Senegalese financial system seems to have difficulties in responding to the firms' financing needs. Credit to the private sector (25.9 percent of GDP in 2010) is 2.5 times less than the SSA average and is 5.5 times lower than in South Africa. Lack of long-term financing is also a big issue in most of the CFA region.

47. **On the sector front, telecommunications, the sector contributing the most to growth, continues to face serious challenges.** According to recent WB analysis, not only is the quality of Senegal's telecom services lagging behind the region, but also costs are higher in comparison to other countries. Numerous studies show that a 10 percent increase in ICT penetration can increase GDP growth by 0.25 percent to 1.5 percent. Despite a current mobile penetration rate of about 67 percent, Senegal foregoes efficiencies and cost-saving opportunities by under-using ICTs and the existing telecommunications infrastructure as a platform for service delivery due to the poor regulatory and competitive environment. The mining sector, another potential growth sector, contributes about 0.5 percent to growth and is expected to grow over time. In tandem with the Extractive Industries Transparency Initiative (EITI) process, Senegal needs to review its fiscal regime in order to optimize expected revenues from operations and create jobs.

48. **Agriculture remains a key sector of the Senegalese economy and a lever to activate for inclusive growth, food security, employment and poverty reduction**. The agriculture sector employs over 60 percent of the population, of which 60 percent are women**.** About 70 percent of the rural population depends on agriculture or activities related to agriculture for their livelihood. However, agriculture and livestock-raising contributes modestly to GDP, with a rate varying of 10-12 percent. The gap between the share of agriculture in the GDP and the share of agriculture in the labor force highlights the low performance of the sector.

49. **At the same time, Senegal has a number of attributes that make it an attractive location for investment in agriculture and agri-business.** It is economically and politically stable. The climate is ideal for off-season horticulture and it has good logistics for serving European markets. Domestic food markets are likely to expand with continued urbanization, and there is substantial scope for import substitution. Existing productivity is low, suggesting the potential for large returns if yields can be increased with better access to land, improved fertilizer use, improved seeds, increased mechanization, and increase in the hectares irrigated to permit more planting periods. Inputs distribution mechanisms must also be improved for more efficient targeting and traceability of beneficiaries. Farmers need better access to finance and insurance mechanisms to help with droughts. The Government has recently completed a national agricultural sector investment plan under the umbrella of The Comprehensive Africa Agriculture Program (CAADP), which recognizes these challenges and opportunities of the sector.

50. **More than 600,000 people in Senegal are estimated to be directly or indirectly employed in the fisheries sector, representing nearly 15 percent of the active labor force**. From 2007 to 2011 the average total of fish product exports was about US$226 million, roughly 18 percent of total exports by value. However, as the fishing fleet has grown and high-value catches have stagnated, the economic returns have dwindled; and 37.4 percent of fishermen live below the poverty line. Governance reforms to reduce open access to resources could rebuild the fisheries as a future source of growth.

51. **Finally, Senegal needs to close its skills gap to increase competitiveness and productivity.** Recent studies in Senegal on the business climate, as well as cross-country data, point to a large education and skill gap as a main constraint to raising productivity and transitioning towards a more competitive and dynamic economy. Of the population aged 15-59, only 15.5 percent had received technical or vocational training. For many enterprises, there is a gap between the demand and the supply of skills; only 28 percent of firms in the TVET survey were able to find either the specialization or certification level they were seeking.

52. **On gender, Senegal is making progress but more improvement is needed (Box 4).**

Box 4: Senegal Gender Update

In 2011, women represented 52% of the total population of Senegal, but were only 23% of the representatives in the Parliament, approximately 10% of the government officials, 13% of regional council members, 20% of municipal council members and 27% of rural council members. In 2011 Senegal's Global Gender Gap Index ranking was 0.6573, placing it 92nd of 135 countries. In 2012 Senegal has made great progress. A new gender equality parity law was passed applying to Parliament and all elected representation, national or local. Thanks to this law, Senegal moved up the Social Institutions and Gender Index classification from 52/102 in 2009, to 41/86 in 2012. In education, gender parity has already been attained at the primary and junior secondary levels. Girls' enrolment and completion rates are currently higher than that of boys'. With the recent trends, it is likely that the gender gap will close in upper secondary by the end of the CPS period.

However, the agriculture sector is considerably unequal. Women have unequal access to land, inputs, finance and mechanized techniques. Access to these inputs will help women increase productivity and incomes and invest more in their children's' education, and improve health outcomes. Evidence has shown that agricultural production can be improved through equal access to production factors for men and women (Alderman *et al*., 1995; Quisumbing, 2003; Koopman, 2009; Niane, 2010). In Senegal, a National Strategy for Gender Equity and Equality (SNEEG) has been developed in order to promote gender equality. The CPS will draw upon this work.

The CPS would put a special focus on issues of women's access to land, inputs (seeds, fertilizers and pesticides), credit, extension services, and labor-saving technologies such as improved irrigation equipment. The CPS also focuses on women's access to energy through its energy portfolio. The social protection and health programs also pay particular attention to gender equity issues.

Examples of Gender focus in WB-financed projects.

The Agricultural Services and Producer Organizations Project has contributed to gender equality by putting into place the Producer Organizations' Local Consultation Forums, some of which are led by women who focus on helping other women benefit from the project.

The Sustainable Land Management Project supports women in requesting land ownership rights from some rural communities. The introduction of technologies, such as planting of fruit trees by women, has led to such changes in land tenure. Moreover, the diffusion of technologies responding to gender-specific needs like improved stoves and biogas from manure has reduced the daily work load of wood collection.

The Water and Sanitation Millennium project works with women to ensure transparency in project implementation. Rural water schemes are managed at the community level by water users' associations that fully take into account the gender dimension. At least one third of members must be women.

The Second Sustainable and Participatory Energy Management project requires (i) gender parity in local management committees and project beneficiaries; and (ii) inclusion of women in profitable charcoal production value chain activities from which they were previously largely excluded. As a result, women in project areas have not only contributed to the sustainable management of forest resources, but have also realized incr**eased incomes.**

Source: World Bank 2012.

Service delivery challenges

53. **Poor expenditure management hinders performance in education.** Education expenditures represent 6.2 percent of GDP (1.2 percent for higher education) and 32 percent of total government expenditures; 90 percent of the education budget is for salaries, of which 28 percent is for sector staff not teaching; 62 percent of the higher education budget is for scholarships and social costs. Improving the transparency and efficiency of expenditure management, especially the wage bill, is crucial to financing the expansion of the system and improving the quality of student learning. The Government carried out personnel audits in 2003, 2006 and 2007 and weeded out large numbers of ghost and non-teaching teachers, but the problems persist. Improving learning outcomes for all students, for example, will require greater focus on improving the accountability for results, improving teacher behavior in classes and their pedagogic techniques, providing incentives, and improving learning conditions.

54. **Expenditure in health is poorly targeted and inefficient.** The government spent six percent of the budget on health expenditures in 2010, with 79 percent going to hospitals and central administration and only 21 percent being allocated for basic care and public health services. Health indicators are slightly better in Senegal than the averages for Sub-Saharan Africa. However, the share of the budget allocated to the sector over the past five years remains low, and efficiency of expenditures is weak. One survey estimated that medical staff spent only 39 minutes per day attending to patients. The hospital sub-sector still absorbs a high proportion of the health budget and, in 2009, started to “crowd out” health investments. Health policies and programs provide for some essential preventive and curative interventions, but financial protection for the poor against the burdens of illness is limited. Also weak accountability mechanisms in the health system still prevent major improvements in maternal and reproductive health. Consequently, results achieved on health indicators are mixed.

55. **To release more resources for pro-poor health services, the authorities will need to reduce the heavy burden of hospital debt.** A 2007 study estimated that a quarter of hospital resources (mainly staff) made no contribution to hospital outputs. As a result, most hospitals in Dakar are virtually bankrupt and rely heavily on exceptional subsidies provided by the Government. Funding available for investments has now almost entirely shifted to cover hospitals’ financial losses. To regain its investment capacity, the Government must restore its oversight of hospitals, especially with regard to their recruitment and compensation policies and budgets.

56. **Budget allocations for the water and sanitation sector do not correspond to the needs and the capacity within the sector to deliver quality services.** The urban sanitation sector has been unable to achieve a performance similar to urban water (over 98 percent access). Only 63.3 percent (end of 2011) of urban households have access to sanitation services. The sanitation sector suffers from a lack of financial resources as it is funded solely by the license fee levied for sanitation through water bills in cities and is insufficient to meet the expenses of the ONAS.

57. **Social protection programs as a share of GDP are growing but targeting is poor and needs improvements.** There are about a dozen existing safety net programs, from school lunches, food assistance, and targeted support to the elderly and disabled, to two pilot conditional cash transfer schemes. Together, they reach less than 1 million people, not counting general cereal distribution through the Food Security Commissariat. This represents only a small fraction of the poor in Senegal. Moreover, the programs are spread across various ministries with different targeting methodologies and systems for identifying beneficiaries. The Government is well aware that Senegal needs safety net programs that can address existing chronic poverty as well as the vulnerable who will continue to face shocks. The President has appointed a Delegué General for Social Protection reporting directly to the President. However, his role and responsibilities for setting strategies, coordinating programs, and establishing the *Caisse Autonome pour la Protection Sociale Universal* (CAPSU) has not been formalized.

58. **According to the 2010 Service Delivery Indicators (SDI) report; absenteeism is widespread**. On average, 20% of staff are absent from duty in health facilities, and competence is very low. Absenteeism is also high in schools. The SDI shows that on any day, 18% of teachers are absent, and even when in school, 29% of teachers are not in the class. Insufficient training may not be the only explanation for this low performance. Finally, there are very few accountability mechanisms to ensure that service providers are responsible for their performance.

The Country Partnership Strategy FY07-10

59. **The FY 2007-2010 Country Assistance Strategy (CAS) was based on the government's Poverty Reduction Strategy Paper (PRSP-II) covering 2006-2010.** The PRSP vision was articulated around four pillars[5]: (i) wealth creation; (ii) access to basic social services; (iii) protection of vulnerable groups; and (iv) greater transparency and participatory processes. The strategy emphasized the need to encourage private sector led growth and to expand and diversify exports in order to achieve 7-8 percent growth rates over the medium term.

60. **The activities of the 2007-2010 CAS were clustered around three pillars and one cross-sector governance filter.** The three pillars were: (i) fostering economic growth through support to private sector development; (ii) improving human development through better delivery of social services, notably to the most vulnerable groups; and (iii) enhancing rural and urban synergies. Transparency was to be mainstreamed in all programs and projects supported by the CAS to help improve public and private governance. The Government and the World Bank Group (WBG) shared a common vision of the overall objectives to be achieved. The 2007-2010 CAS thus aimed at supporting Senegal's PRSP-II with the ultimate objective of attaining the MDGs.

61. **The 2007-2010 CAS lending program was based on a total envelope of IDA resources of US$420 million over four years**. During the CAS period, the Bank prepared and disbursed a total of 17 operations and one additional financing for a total of nearly US$690

[5] The first three pillars were already included in the first PRSP (2003-2005), while the last one emerged as a new priority for the authorities.

million, of which US$590 million was financed by IDA. The higher than forecast program was largely due to unanticipated financing needs in response to the different crises. The program included three development policy operations financed by IDA and totaling US$123 million, and four trust-funded operations totaling US$100 million.[6] In addition, US$471 million in IDA was disbursed during the period, and an additional US$170 million from FY11-FY12.

62. **The Bank's teams and management paid strong attention to implementation support as shown by the quality of the portfolio**, with only one out of 16 active operations being at risk at the time of the writing of this document. Overall supervision of execution of the program was strengthened through continued decentralization of implementation to the Dakar office. Seven out of the 29 non-DPL operations under implementation during the CAS period were restructured to improve effectiveness. However, M&E was weak in a number of operations, and special efforts to correct this were undertaken with the 2009 and recent 2012 CPPRs.

63. **The CAS was supported by a strong program of AAA.** Sixteen pieces of ESW were delivered, along with two TA activities. This included a country economic memorandum, a poverty assessment, a multi-sector public expenditure review, and a country environmental assessment. Three smaller pieces of ESW, planned in the later years of the CAS, were dropped; but they were replaced by three others. The initial projections for delivery tended to be overly optimistic, so many products slipped by a year.

Lessons Learned

64. **A number of lessons emerge from the last CAS completion report. First, Bank performance is strongest in areas of sustained engagement**. Long term involvement in one area – spanning two to three CAS periods – delivers good results. This is the case for the activities in the road and education sectors. This argues in favor of the Bank pursuing its engagement in a number of areas where much remains to be done and it has a long history of engagement, such as in water, PFM reform and energy. Since the Bank is generally perceived as an "honest broker," many donors are more willing to engage in a sector when the Bank is involved; and this can also increase leverage for change.

65. **Budget support has continued to be an effective tool to mobilize the entire Government on key reforms, but the objectives have to be realistic and the government commitment to reforms is a determinant factor for its success.** The reforms promoted in the road maintenance fund, FERA, the sustainable management of fisheries, and the recruitment of education personnel demonstrated increased mobilization and greater involvement of the line ministries and smoother relations between the Ministry of Finance and line ministries. But successful DPOs need to be supported by government's willingness to reform and underpinned by solid analytical work; and in the case of multi-sectoral DPOs, synergies with sector SIL/TA operations significantly increase their impact. A combination of several instruments is advisable,

[6] One operation, the Sustainable Management of Fish Resources project, received a blend of IDA and GEF financing.

especially in strategically selected areas of intervention. An example of an unsuccessful DPO was the Senegal energy DPO where the Bank and the government failed in their attempt to implement reforms. The ICR of the DPO concluded that in future it would be important to use a longer series of DPOs with more modest objectives, and greater flexibility, supported by an investment credit. Greater ownership at the sector level and better coordination between the sector and finance ministry, as well as within the Bank, would also be critical (see Annex 10).

66. **The number of institutions needed for and benefitting from project implementation needs to be limited.** One key lesson emerging from the private sector development project (PIPP) is that project design should be kept simple, in line with local administrative capabilities. The initial PIPP design included 19 beneficiaries and a large number of structural reforms to improve the overall investment climate, both at a general level and at the level of specific and disparate sectors (postal sector, tourism, royalties in the music industry). Coordination was difficult, with negative implications for implementation.

III. The Country Partnership Strategy FY13 - FY17

67. **This CPS comes at a time when Senegal has just moved into Middle Income Country status.** The level of engagement between the WBG and the GoS has evolved over time into one of real partnership, which this CPS intends to build on. The preparation of the CPS benefited from intense consultation with the government technical and policy staff, culminating in consultations with over three-quarters of the cabinet. This CPS builds on a shared understanding of the development challenges in Senegal and the strengths of the WBG in designing the support program. In this regard, the CPS aims to focus its intervention on a few key areas, building on past work but also putting particular emphasis on building and strengthening the implementation capacity of the government.

68. **With limited IDA resources and lack of fiscal space on the government side, the CPS intends to heavily leverage private sector and other regional and trust fund resources**. As growth picks up, IFC and MIGA financing should increase as the role of the private sector grows. Thus, the CPS sets out a framework where the Bank's support becomes a leveraging mechanism for improving government-wide development outcomes both in the private and public sector.

Selectivity and Program Design

69. **The CPS will focus on areas that are acknowledged as *key constraints to development* by the Government and people of Senegal, where the WBG has a *comparative advantage*,** *w*here there is a *window of opportunity for reform*, and where Government and/or the private sector and other donors seek to work in *partnership* with the WBG. The application of these selectivity criteria will help to focus our engagement and build stronger teams for results. The CPS proposes fewer, more cross-sectoral, and larger operations, and will favor additional financing, as recommended by the last CR, except in a few areas where we are building the dialogue anew.

70. **The CPS strategy will draw on the full menu of Bank instruments to ensure sufficient flexibility in the design and close alignment with government priorities and processes.** The CPS will begin exploring ways to build capacity within the government to execute its programs. Instruments such as the Program for Results (P4R) will be proposed to government, as appropriate.

71. **The Bank's strategy is to build better national institutions that are more effective, can combat corruption challenges, and can mitigate fiduciary risks for all public money, including the Bank's.** The authorities have expressed the need not to have separate FM systems for each donor support project; and a review of the use of country FM system for investment operations financed by the Bank will be conducted. Through strategic use of PIUs to focus on improving the capacity of ministries and central systems, the Bank expects to help improve the efficiency of all government expenditures, not just the use of the funds provided by the Bank.

72. **Senegal's IDA16 allocation is SDR310.2 million (US$466 million equivalent).[7]** Of these resources, US$160 million were committed to operations during FY12. The remaining resources will be used to leverage additional resources from IFC and Trust Funds in order to maximize impact during the next two years. In addition to the IDA 16 allocation, the team hopes to leverage an additional US$132 million from the private sector in collaboration with the IFC and from other Trust funds.

73. **IFC's current committed portfolio in Senegal, as of 30 September 2012, was US$98 million invested in 12 companies, composed of six loans, six equity investments and two guarantees.** In order to further promote private sector development as part of the CPS agenda, IFC seeks to: (i) increase access to finance for SMEs and microenterprise through financial intermediaries, with the provision of investment and advisory services; (ii) support the private provision of infrastructure with a focus on power and transportation; (iii) support the agribusiness value chain both directly and through financial intermediaries, and (iv) help GoS to regain the momentum it has built up in the past in terms of business environment improvement. IFC will also continue engaging with the GoS to strengthen the PPP framework through capacity building initiatives and best practice PPP transactions in key sectors such as health, education and/or sanitation. In advisory services, IFC had eight active programs in Senegal during FY12, including capacity building to MSMEs via the rollout of the Business Edge and SME Toolkit products, and increased access to finance to MSMEs via support to banks and microfinance clients.

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[7] The current estimate of the IDA envelope is based on available resources from the IDA16 replenishment and is updated annually based on the respective country allocation parameters. The final allocations have been firmed up for FY12-13, while the allocations for FY14 are indicative as they may vary depending on: (i) total IDA resources available; (ii) the country's performance rating, GNI per capita, and population; (iii) the terms of IDA assistance (grants/credits), and the allocation deductions associated with MDRI annual debt service foregone; (iv) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (v) the number of IDA-eligible countries. IDA allocations are provided in SDR terms. While the US dollar equivalent amount is provided at the exchange rate of US$1.50233/SDR, the exchange rate for each operation depends on the applicable prevailing rate at the time of approval.

74. **As of September 30, 2012, MIGA's gross exposure in Senegal was US$165.5 million,** equivalent to 9 percent of MIGA's portfolio in SSA and 30 percent in West Africa (Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, and Mali). This exposure is largely concentrated in infrastructure, with over US$156 million in exposure.

CPS Program and Results

75. **The CPS is fully aligned with the government's program and is designed to support implementation** of core areas of the government's SNDES program where the WBG has a comparative advantage. The CPS, which is fully consistent with IFC's strategic priorities, will be anchored on one foundation and will include two focused pillars:

- **Foundation: Strengthening the governance framework and building resilience**
- **Pillar 1: Accelerating inclusive growth and creating employment**
- **Pillar 2: Improving service delivery.**

76. **All activities in the CPS will contain a gender component,** making gender an integrated consideration in all lending and advisory activities. Furthermore, the projects done under this CPS will have clear gender disaggregated indicators, where available and relevant, and will target gender-disadvantaged groups when appropriate.

77. **CPS activities will also involve civil society in a proactive way, particularly to support their role in governance and resilience.** CPS activities will rely on supporting the governance dialogue between civil society, political authorities, and the public administration. This will be achieved through: (i) proactive information dissemination; and (ii) civil society involvement in M&E activities. The CPS will build on the Global Partnership for Social Accountability to help broaden accountability of public institutions at the country level.

Foundation: Improving governance and strengthening resilience

78. **The CPS interventions under this pillar will be foundational; they will primarily focus on building governance systems and processes to enhance the predictability, credibility and accountability of the government** across the public and private sector and civil society. Drawing from a number of diagnostic studies, the CPS approach is focused on strengthening Government capacity to plan, implement, monitor and evaluate policy implementation and priority setting. If successful, this will form the basis for improved transparency and accountability for results. The Senegal CPS approach to governance is consistent with the Bank's Updated GAC (see Annex 7).

Figure 5: Key CPS Outcomes

CPS Outcomes	Indicators
Foundation: Strengthening the Governance Framework and Building Resilience	
1. Improved public sector accountability	*- Time for the publication of the Audit Court annual report after submission to the president reduced from 360 days in 2012 to 8 days in 2014* *- Percentage of holders of public office (Ministers) that make a declaration of assets increased from 0 to 100%* *- Time for the adoption and public disclosure of budget review act (lois de règlement) after the end of fiscal year reduced from 18 months in 2012 to 6 months in 2017*
2. Sustainable land and water management	- *Additional area with SLWM practice in targeted areas of intervention: 7,000 ha by 2017*
3. Improved drainage and flood prevention in selected urban areas	- *Additional area protected against recurrent flooding in Dakar by 2017: 460 ha by 2017*
4. Reduced vulnerability of population Casamance	- *Additional number of people provided with income generation opportunities in Casamance*
Pillar I: Accelerating Growth and Generating Employment	
5. Improved investment climate for private sector	- *Delay in treatment of cases at the Tribunal Regional de 1ere Instance de Dakar reduced from 185 days in 2012 to 140 days in 2017* - *Reduce the number of days required to obtain a construction permit from 210 to 170*
6. Improved access to finance for MSMEs	- *Increased number of MSMEs getting credit to reach at least 50,000 by 2017*
7. Increased agricultural productivity and marketing	- *Horticultural (fruits & vegetable) exports increased from 24,006 tons in 2012 to 40,000 tons in 2017* - *Area under new technologies increased from 40,000 ha to 400,000 ha*
8. Improved sustainable management of fishery resources	- *% of registered small-scale fishing vessels originating from within the coastal region allocated with secure rights in the form of long-term and transferable permits increased from 0% in 2010 to 70% in 2017*
9. A. Improved access to affordable electricity	- *Cost of power generation reduced from CFCA 88/kWh in 2011 to CFCA 75/kWh*
B. Improved rural access to electricity	- *Additional people with access to electricity in selected areas of intervention: 250,000 by 2017*
10. Improved mobility in targeted urban and inter-urban areas	- *Transport time on selected routes: (i) Grandes Niayes Area: reduced from 211 min in 2012 to 148 min in 2011; (ii) Between Dakar and Diamniadio: reduced from 90 min in 2012 to 30 min in 2017*
11. Improved skills of labor force	- *% increase in the enrollment for professional and technical training (disaggregated by gender) increased from 17% in 2012 to 30% in 2017*
Pillar II. Improving Service Delivery	
12. Enhanced equity and quality of education	- *Promotion rate at year one for selected universities increased from 50% in 2012 to 70% in 2017* - *% grade 2 students passing standardized learning test in math and reading increased from 54% in 2011 to 65% in 2017*
13. Improved health delivery services	- Deliveries attended by skilled birth providers increased from 72% in 2012 to 80% in 2017 - Children 0-11 months with complete immunization increased from 72% in 2012 to 89% in 2017
14. Improved access to safety nets	- *Number of beneficiaries of targeted cash transfers (disaggregated by gender)increased from 0 in 2012 to 20,000 households in 2017*
15. Increased access to water and sanitation service in selected rural and urban areas	- *Additional people with access to piped water in selected areas of intervention:320,000 people in rural areas and 690,000 people in urban areas by 2017* - *Additional people with access to sanitation services in selected areas of intervention: 275,000 people in rural areas and 690,000 people in urban areas by 2017*

79. **In addition, the CPS will begin to focus on specific activities in the area of Disaster Risk and Sustainable Land Management as foundations for building resilience.** The country particularly needs to build resilience for reducing vulnerabilities to disasters that affect a sector's

investments as well as its development efforts. The series of recent shocks experienced by Senegal have contributed to slowed growth and the stalling of poverty reduction. All activities in the upcoming CPS period will be focused on the goal of mitigating potential shocks in order to enhance resilience against future events. Therefore, the CPS proposes to contribute to the country's resilience by supporting the development of government wide systems and processes for identifying and managing risks, i.e., building a disaster risk management framework – with particular emphasis on a few sectors such as agriculture, forest management, transport, health, and nutrition.

80. **(outcome 1) Improved public sector accountability.** Overall public sector performance remains limited in terms of service delivery, policy implementation, and fiscal management. The CPS has a strong program on governance that is underpinned by policy dialogue and actions presented in the three-year programmatic budget support (DPO) series - the Growth and Governance Support Credits (GGSC). Beyond this policy support to governance, the CPS addresses challenges in specific public sector functions; in particular, PFM, Monitoring & Evaluation, Debt Management and Monitoring of Agencies, all of which affect public sector performance.

Analytical Work and Technical Assistance

- *Public Sector Performance AAA:* Strengthening public sector accountability and building resilient governance systems and processes to measure and monitor performance is critical to ensure an open dialogue between civil society and the Government and to support inclusive growth and greater prosperity for all. This needs good *budget processes, Planning, and Monitoring & Evaluation systems. This study will support the government's strategy to improve overall public and civil service reform.*

- *Stolen Assets Recovery Program Technical Assistanc*e: As part of their efforts to improve governance and accountability, and fight corruption, the authorities have requested the assistance of the Stolen Asset Recovery Initiative. Going forward, the support provided by StAR will be three-pronged:

  - Improve the legal and institutional framework to tackle the proceeds of corruption (and use anti-money laundering tools to prevent, detect and prosecute the concealment of the proceeds of corruption). This approach brings together two of Senegal's priorities under the SNDES (see para 43), with a focus on bolstering the organization of the criminal justice system and improving domestic coordination between the relevant stakeholders so as to effectively use these tools. This assistance will focus in particular on the creation of poles of expertise on financial crime in the judiciary.
  - Strengthen the capacity of practitioners (financial intelligence unit, financial investigators, and prosecution) to go after the proceeds of crime, in particular all forms of corruption.

- Facilitate Senegal's efforts on active corruption cases to recover the stolen assets, notably by assisting Senegal to seek and receive international cooperation and mutual legal assistance to this end.
- This assistance aims at building up the capacity of Senegal to effectively go after corrupt officials, which is also expected to build up incentives in favor of good governance and accountability on the preventive side. StAR engagement – which could lead to further engagement with Senegal on its broader AML/CFT agenda – would also contribute to and benefit from synergies with Bank assistance on Justice Reform, financial and private sector development, the "illicit flows agenda," and economic governance.

- *Land Governance Assessment Framework*: The absence of a clear legal framework on access to land, especially for women, is impeding effective and efficient development of private sector activity in a key sector for growth, including in projects of the WBG group, and continues to be a source of graft and corruption. The Land Governance Assessment Framework study is a multi-sector exercise to help the government develop an effective and appropriately sequenced policy framework.

- *A procurement value chain analysis*: Building on the government's positive decision to re-instate the procurement code and improve transparency of the procurement process, this study will: (i) identify bottlenecks in the chain of the procurement process and contract execution; and (ii) work with Government to implement recommendations to accelerate implementation of the national budget, projects and programs.

Projects

- *A Governance and Public Financial Management project* with a Public Sector Performance-based Component and additional financing for the Public Financial Management and Systems, which will support the implementation of selected national programs and provide technical assistance to the strengthening of the government capacity to monitor results and progress at ministerial and center of government levels, and to link the monitoring function with decision making. The project will also assist the Government in strengthening public financial management and systems, and strengthening the procurement system, including regional mandates such as WAEMU directives.

    - In addition to support *on debt management TA*, the Bank, through the above mentioned Governance and Public Financial Management Project, is considering a request to support the authorities in the following areas: (i) incorporating cost-effective options to tackle rollover risk of the government debt management strategy; (ii) executing the strategy in the external market – in particular, selecting the lead manager and implementing currency swaps; and (iii) designing and implementing a plan to improve the functioning of the primary market and to boost the secondary market.

- In addition, *the three-year programmatic budget support (DPO) series – the Growth and Governance Support Credits (GGSC)* – will support the overall Government program of governance and public sector reforms at the center of Government and the Ministry of Finance, as well as in the education, health, and energy sectors (see Table 4).

81. **(outcome 2) Sustainable land and water management.** The downward trend in rainfall observed since the 50s, and the increased frequency of droughts,[8] combined with population growth, has resulted in increasing impacts from droughts and floods. Senegal, in addition, ranks 9th on the world list of countries with the largest share of the population living in low elevation coastal zones. The CPS will assist the government in mainstreaming Disaster Risk Management by improving the governance and institutional framework.

Analytical and Advisory Activities

- Prepare *a master plan for stormwater drainage as a planning tool* for spatial and temporal interventions.

- *Undertake Analytical work on institutional setting for risk management agencies and mainstreaming of risk management across government*. There are too many agencies involved in disaster response and this often leads to ineffective coordination within the agency, lack of accountability, and misuse of funds. The study will propose options for rationalizing the agencies responsible for improving Senegal's resilience to natural shocks.

82. **(outcome 3) Improved drainage and flood prevention in selected urban areas.** As a result of enduring internal migration, over 48 percent of Senegal's population lives in the urban areas and over 76 percent of this urban population lives in areas classified as slums, which are very flood and disease prone. The Bank will support the government's efforts to improve its response to natural disasters and protect the livelihood of urban and peri-urban residents.

Analytical and Advisory Activities

- *Develop a primary drainage framework and system for stormwater* in priority areas of the periphery of Dakar.
- *Under The Storm Water Management Climate Change adaptation project*, *the CPS will undertake an urban planning and flood risk mapping study* to support prevention and mitigation, strengthen flood disaster risk management mechanisms, and improve the awareness and education efforts of affected communities.

Project

- *The storm water management and climate change adaptation project will be scaled-up.* In Dakar, these needs will be identified through the Drainage Master Plan (PDA) and will include building drainage systems to help mitigate flood risks. IDA will continue taking a leadership role in order to help mitigate fiscal risks associated with the country's natural disaster risk profile.

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[8] CSE, 2011, *Outils de gestion durable des terres au Sénégal : Contribution de LADA. Rapport*

- *The GFDRR funded Disaster Risk Management project will strengthen the overall DRM institutional framework and coordination mechanism.* The ongoing first phase (GFDRR: US$1.1 m) focuses on flood early warning, preparation and response. The forthcoming second phase (GFDRR: US$3.6 m) will broaden the DRM framework, promote a multi-hazard risk management approach, and pay particular attention to coastal zones that are especially vulnerable due to their high exposure to natural hazards and their high socioeconomic and naturalistic value.

83. **(outcome 4) Reduce the vulnerability of the population in the Casamance region.** Casamance is a growth pole for Senegal due to its strong agriculture, aquaculture and tourism potential. However, persistent conflict and lack of economic opportunity continue to undermine its potential to contribute to growth. The Bank, in close collaboration with other donors active in Casamance (USAID/MCA, AfDB, French Cooperation, Dutch Cooperation, and UNDP), will support the implementation of a comprehensive project to address issues of economic empowerment.

- The US$40 million *Casamance growth pole project* will provide income generation opportunities, particularly for youth and women in targeted areas of the Casamance region.

Pillar 1: Accelerating inclusive growth and creating employment

84. **The World Bank Group will support the Government's efforts to accelerate growth and create jobs, including through creating more fiscal space for improved macroeconomic stability, more FDI and an improved business environment.** In doing so, the WBG will build on past achievements and knowledge of the economy, but, more importantly, will seek to accompany the Government in implementing the SNDES. Given fiscal constraints, the thrust of work will focus on activities which help reduce pressure on government spending by further involving the private sector. This approach, coupled with support to the government to improve the overall business environment, should lead to a drop in government expenditures in sectors such as agriculture, energy and transport, and to an improved macro-economic and fiscal framework. Increased private sector activity would in turn underpin job creation over the medium term. The key challenge of this pillar will be to get the state to be less involved in some activities by working with IFC and providing credible private sector investment options. The IFC will therefore have a key role and will lead the dialogue in some areas. In addition, the WBG will attempt to crowd in MIGA involvement.

85. **(outcome 5) Improved investment climate for the private sector.** The business environment in Senegal suffers from significant deficiencies and will need a structured program of analytical work and lending operations to support its improvement. To provide the analytical basis for operations, three major ESWs will be undertaken during the CPS period.

Analytical Work

- An *Investment Climate Assessment* (ICA) will provide an up-to-date analysis of investment climate issues based on results from a firm-level survey. Youth unemployment remains a big challenge and the government will need to design programs that make labor competitive, and available. To help inform employment policies, and besides the usual analyses of constraints to growth and productivity, specific attention will be devoted to the high employment agro industry and high growth tourism sectors.

- *Technical assistance and studies on trade and growth* will be conducted to support the authorities' updated Accelerated Growth Strategy, which is the growth component of the SNDES. This will involve both sectoral and cross-sectoral analysis, as well as practical advice to improve the dialogue with the private sector and the implementation of reforms.

- IFC will provide the Government with *Advisory services support on the investment climate* and assist with the implementation of the reforms. This will include recommendations aimed at improving contract enforcement, in particular by reducing the duration of proceedings, facilitating case filing and accelerating the settling of disputes.

- *IFC will provide support to strengthen the PPP framework* through capacity-building initiatives and developing best practice PPP transactions in key sectors. This activity will focus on awareness-raising for PPPs and support for the development of a pipeline of PPP transactions in key line ministries and agencies.

Projects

- These reports will help develop a new *Growth and Export Development Project*. The project's development objectives will be to improve access to export markets and improve internal logistics, so as to increase exports and their contribution to growth and employment.

- Additional Financing of the *Economic Governance Project*, which aims to enhance the effectiveness of justice (delays, tracking of cases) and improve the investment climate related to justice reform (commercial justice, arbitration, training of judges).

86. **(outcome 6) Improved access to finance for Micro, Small and Medium Enterprises (MSMEs).** MSMEs are an important segment of the population of firms and a key constraint is access to finance. Interventions in this area will be carried out jointly by the IFC and the World Bank.

Analytical Work and Advisory Services

- On the World Bank side, *a policy note on Access to Finance for MSMEs is planned*. The objective is to understand why existing firms and new entrants have difficulties in financing their projects.

- On the IFC side, *using Business Edge and SME toolkit tools, the IFC will work with financial institutions to help improve MSMEs' ability to access financing*, while, at the SME level, through "training the trainers," IFC can avail the training services for strengthening financial and management skills.

Projects

- The IDA funded project to be developed in close coordination with the IFC team – to be based on a policy note - will aim at promoting access to finance for MSMEs.

- A *range of IFC Financial Sector and Access to Finance projects will have the development objective of* enhancing the ability of MSMEs to obtain financing, including advisory services to Financial Institutions, capacity building of MSMEs via the Business Edge and SME Toolkit products, and a new regional Credit Bureau within the UEMOA region.

87. **(outcome 7) Increased agricultural productivity and marketing.** Through a value-chain approach, the CPS will help connect producers to domestic and regional markets and to the private sector, and reduce the need for public sector support to the sector. The CPS will also work to improve the policy environment in the sector.

Advisory Services and Technical Assistance

- Develop a platform for *an improved ICT-based pilot subsidy mechanism,* which will improve targeting and distribution systems for agriculture inputs using mobile phones. Excessive and poorly targeted government interventions are undermining the performance of the agriculture sector, crowding out more productive investments and undermining private investment. This pilot will address the issue.

- Undertake analytical work on *land reform* in Senegal as part of the Preparation of a Land Governance Assessment Framework. This is a multi-sector exercise and will help ensure that existing land rights are better recognized, including for women, thereby paving the way for improved inclusiveness of private sector investments in agriculture.

Projects and Trust Funds

- The preparation of a multi-sectoral (PSD, AFTAR, AFTN) *Agribusiness Development Project* is advancing. The project objective is to promote more diversified agricultural exports and increasing domestic and foreign direct investment in agriculture, as well as to improve inclusive and sustainable land and water management in targeted areas in the St Louis region.

Box 5: Innovative and cross-sectoral approach to managing Resilience

The Sustainable and Inclusive Agribusiness Project is aiming at unlocking the agriculture-based economic growth potential of Senegal while preserving Senegal's soil-related natural capital for future uses. It addresses all drivers to land degradation and is community based. The project provides a good example of Green Growth and could also serve as a model for other projects under the initiative for the sustainable development of dry lands in Africa.

- *Second phase of the West-Africa Agricultural Productivity Project* aimed at raising on-farm productivity through more demand-driven adaptive agriculture research and more effective extension and knowledge transfer. The project will support the GoS to rebuild seed capital with high-yield, drought resistant varieties by enabling the professionalization of certified seed production at the community level. It will work with stakeholders to improve farm-to-market links. The WAAP will target women (40%) beneficiaries. This is a regional project.
- *Food Security and Livestock Support Project under GFRP* will help to improve food security and reduce vulnerability for the most vulnerable. The project will target women, promote small-scale and diversified food production, and expand food and nutrition behavior change through improved communication strategies.
- The program includes an *Agricultural Insurance Development Program (AIDP) Trust Fund* of US$3 million to help build a viable public-private partnership for a sustainable agricultural index insurance market in targeted ACP countries from the Netherlands.
- The IFC-IDA joint *Global Index Insurance Facility Program (GIIF)* program will assist with the development of index-based insurance for natural disasters and weather risks. GIIF funds an implementation grant with PlaNet Guarantee to establish a regional index-based crop insurance scheme covering 40,000 farmers in 7 IDA countries in West Africa, including Senegal.
- In addition, the first year of the new budget support series, the Growth and Governance Support Credit (GGSC I), will include actions to improve the quality of domestic spending on agriculture and to enhance the investment climate for private investments in agriculture and agribusiness.

88. **(outcome 8) Improved sustainable management of fisheries resources.** During the CPS period, the goal is to introduce secure and fixed rights to freeze the current size of the small-scale fleet, and to support the reduction by up to 50 percent of the industrial trawl fleet, generating estimated net economic benefits on the order of US$30 million during this time period.

Project

- The regional *West Africa Regional Fisheries APL* seeks to improve governance in the sector and strengthen the whole value chain with the aim to ensure employment and food security while increasing export revenue and economic growth.

89. **(outcome 9A) Improved access to affordable electricity. This is a central piece of the CPS.** The Bank will support the Government with its efforts to improve the energy mix. The energy sector currently relies heavily on oil imports for power generation, representing roughly 90 percent of the existing electricity supply capacity; the remaining 10 percent coming from hydropower. Therefore, even though Senegal's electricity tariffs are among the highest in Africa, revenues cannot cover costs and the sector is heavily subsidized by the state, crowding out other productive investments and undermining private investment in the energy sector. The CPS aims to improve this situation, working with the IFC and MIGA.

Analytical Work and Advisory Services

- The WBG will assist the Government in developing *a concrete action plan for renewable energy*.
- In this regard, the WBG will provide technical assistance for a *feasibility study to introduce Liquefied Natural Gas* in the country. Both of these initiatives will contribute to further diversification of the energy mix in the medium-term

Projects

- *Senegal Electricity Sector Support project*. The Bank Group is assisting the Government's effort to improve operational and financial performance of the transmission and distribution of electricity, including advisory services to support the reform of Senelec.
- A new *Independent Power Producer project* of 70MW will be supported by IFC, initially via its project development fund IFC Infraventures, and by a World Bank PRG. This will contribute to lower cost power generation in the near-term.
- *Mauritania- Gas- to-Power for Senegal.* The WBG will also support regional integration of electricity, by promoting natural gas generation in Mauritania that will allow exports to Senegal of about 80MW, initially at lower costs. This could be a regional project if Mali were to show interest in the project.
- In addition, the first year of the new budget support series, the Growth and Governance Support Credit (GGSC I), is putting in place the building blocks for reforms in the electricity sector to improve efficiency, governance and financial viability while reducing the burden on the national budget. It is setting up a monitoring framework which will then be pursued in subsequent years of the GGSC series to ensure successful implementation.

90. **(outcome 9B) Improved rural access to electricity.** The WBG has ongoing activities for the sustainable management of traditional household fuels and has also proposed Senegal as one of the pilot countries for the Sustainable Energy for All initiative to further increase rural electrification in the country.

91. **(outcome 10) Improved mobility in targeted urban and inter-urban areas.**

Analytical Work

- Conduct study on *quality of public transport services in Dakar* through the provision of high quality rapid-transit bus services based on bus-only segregated bus-ways. The Bank could finance the construction of the required infrastructure, while the IFC could provide support to the route concessionaires for the acquisition of buses and/or construction of depots and workshops.

Project

- Rehabilitation of the *Dakar-Bamako railway*. Further to the required restructuring, should a viable solution involving the private sector be found, this would provide an opportunity for joint IFC-WB involvement.

- In the suburbs of Dakar, *rehabilitation of the Petit Train de Banlieue* (formerly the Petit Train Bleu) would also have significant economic benefits.

92. **(outcome 11) Improved skills of labor force.** The CPS will respond to the Government request to assist with closing the skills gap. The ongoing education project supports the government's efforts to improve access to and quality of basic education services, particularly among rural and indigenous populations.

Analytical Work

- *A Policy Note on Technical and Vocational Training* to inform the governance and management of the sector by involving the private sector more in the design of programs and service delivery and by setting standards for quality assurance and introducing performance contracts to create incentives to improve performance.

Projects

- A multi-sectoral *skills development project* with PSD and HD will aim to improve the relevance of technical and vocational training programs and increase the employability of graduates.
- The Bank will finance the *creation and administration of a second university in Dakar*, and IFC will continue its discussions with the Government to explore the potential for implementing the project on a PPP basis for the university campus. IFC involvement will contribute to reduced cost for the state and improved skills for the labor market.

Pillar 2: Improving Service Delivery

93. **The CPS will focus on assisting the Government to improve the allocation and effectiveness of expenditures and the impact on results, particularly in the social sectors.** Attention will be paid to appropriate resource allocation and to ensuring that spending goes according to plan through careful monitoring of flow and impact. Building on recently completed service delivery indicators in some sectors, a monitoring and evaluation strategy will be defined in the medium term that will include baselines and strong mechanisms for follow-up and verification of progress in these priority investment areas. It will also pay attention to monitoring outcomes on gender and on disadvantaged areas of the country.

94. **(outcome 12) Enhance equity and improve the quality of education.**

Projects

- The *Improving Quality and Equity in Basic Education* (IDA financed) blended with *the GPR Trust Fund*, under preparation, is a performance-based operation focused on accountability, decentralized management and community involvement. It will involve performance contracts to improve learning outcomes and the quality of teaching, especially in early grades and for math and science. It will also focus on learning outcomes and improving access in poor regions for out-of-school children.

- In addition, the first year of the new budget support series (GGSC I) is putting in place the building blocks for reforms in the sector.

95. **(outcome 13) Improved health delivery services.**

Analytical and Advisory Services

- The Bank is working with the government to *analyze existing accountability mechanisms in health care centers* (funded by HIRTF).

- Conduct *a household survey* (funded by PSIA TF) to identify quantitatively the bottlenecks faced by poor pregnant women to obtain quality health care.

- In response to the succession of external shocks, the Bank, in collaboration with UNICEF, will *support a policy and partnership TA* that will focus on strengthening nutrition policy and program implementation as a way to protect the poor and vulnerable.
- IFC is in discussions with the Ministry of Health (MoH) for a potential *advisory role to implement a Private Public Partnership (PPP) in the health sector*. IFC intends to continue this dialogue with a view to examining high potential opportunities for procuring a private operator in the sector.

Projects

- The Bank will prepare *a new health project*, using IDA as well as a results-based financing (RBF) trust fund. Instead of financing inputs (staff, buildings and equipment) to the health system, the proposed operation will focus on improving performance and accessibility. The Bank project will build on an RBF pre-pilot, jointly designed with USAID and currently implemented in 3 districts.

- In addition, the first year of the new budget support series (GGSC I) is putting in place the building blocks for reforms in the sector.

96. **(outcome 14) Improved access to safety nets.** The Bank will support the Government with the provision of tools and procedures that allow for the establishment of an institutional platform for improving coordination and effectiveness of safety net systems.

Analytical and Advisory TA

- Technical Assistance to help the Government set up the CAPSU for implementing an efficient social protection system.

Projects

- In FY14, the Bank will prepare a *social safety net project*. This project will support building blocks of an efficient safety net system (including unified registry system, enrolment and transaction procedures, monitoring and evaluation system) that will be tested on piloted cash transfer programs.

97. **(outcome 15) Improved access to water and sanitation services in selected rural and urban areas.** New water infrastructure is needed to provide 200,000 additional m3/d by 2030, while investments are needed to help eliminate an expected deficit in 2014 during peak demand hours. Among the various options being considered are the creation of a third treatment plant on Lake Guiers, as well as one or more desalination plants: a technology that would be implemented for the first time in Senegal.

Analytical Work

- The Bank will conduct a *Drainage Master Plan* (PDA) to inform the rehabilitation and construction of new sewerage systems, and the development of new treatment sites.
- A *potential advisory role to implement a PPP* in the water and sanitation sector by IFC is being explored with ONAS, Millennium Water and Sanitation Program (PEPAM) and the Ministry of Water and Sanitation.

World Bank IFC Collaboration – leveraging knowledge and resources

98. **The growth challenges facing Senegal require solutions that involve both public goods as well as private sector investments.** The business case for IDA-IFC-MIGA collaboration results from the necessity to provide a comprehensive and innovative menu of the WBG's instruments to the Government, and thereby make effective use of our combined knowledge, financial and technical resources. For every dollar of IDA mobilized with IFC involvement, two additional dollars ($2) would be leveraged. This CPS proposes to deliver a clear number of joint products (box 6) as a way of strengthening the integration between the IDA-IFC-MIGA by building on lessons of successful World Bank Group collaboration already underway in Senegal and learning from Bank-wide experiences. The consultative process for the CPS was done jointly, and joint IDA and IFC teams worked to develop the action areas in pillar 1.

Box 6: Leveraging World Bank Group IDA-IFC Collaboration

Transport: The Bank and the IFC will continue to build on the successful collaboration on the Dakar Diamniadio toll road, which will significantly reduce the commuting time to Dakar, with both institutions providing financing to the project. The ongoing project may be complemented with the development and provision of financing for the extension to the new AIBD Airport. The Bank and the IFC will undertake a joint study on the rail sector and identify best options to facilitate traffic within Senegal and across its borders to Mali (Dakar Bamako railway).

Energy: The Bank and IFC will support GoS to improve SENELEC's performance. In particular, both institutions may support the development and financing of a 70MW Power Plant at Taiba Ndiaye, involving IFC financing and IDA Partial Risk Guarantee. With PPAIF support, the WBG proposes to support the development of an updated financial model for SENELEC.

Investment Climate: The Bank and the IFC will support GoS to undertake broader and deeper reforms to Senegal's investment climate, including providing support to the proper implementation of the OHADA revised uniforms acts. The team will also undertake joint analytical work (investment climate assessment, access to finance and barriers to export ESW) to prepare an IDA funded export promotion project.

Public-Private Partnerships: The Bank and the IFC aim to strengthen the PPP framework, beyond the transport and energy sectors, through capacity building initiatives and best practice PPP transactions in key sectors such as health, education and/or sanitation.

Access to Finance: IFC will support increased access to finance to MSMEs via further investments and capacity building to financial institutions committing to that sector; strengthening financial and management skills for MSMEs using the IFC Business Edge and SME Toolkit; developing the financial infrastructure with a new regional credit bureau and secured assets registries; and reducing risk to farmers via weather insurance. The Bank will also undertake further analytical work (report on access to finance issues) to prepare an IDA funded "access to finance" project.

Source World Bank 2012

99. **Regional integration is also a key part of the CPS and of pillar 1**, with five ongoing projects and two new projects and two potential projects (Annex 8). The existing regional integration agenda demonstrates the power of intra-regional exchanges for inclusive growth and shared prosperity across sectors such as energy, agriculture, fisheries, water management and the financial sector. The CPS would continue to find opportunities to leverage regional projects in an attempt to deepen integration, leverage additional IDA funding, and build knowledge across the region. Some of the regional projects include:

Results-based Monitoring and Evaluation

100. **The CPS Results Framework (CPS RF) presents the priorities of the Bank in Senegal in alignment with the new SNDES strategic goals.** The CPS RF (Annex 1) uses Senegal's SNDES as its starting point, and narrows down the range of outcomes to those that the Bank intends to influence directly through its interventions over the CPS period. It illustrates the overarching national goals from the SNDES, to which the CPS outcomes, milestones, and related interventions seek to contribute. The results targets during the CPS period will be largely achieved with the program already under implementation or to be approved in the next couple of years.

101. **This CPS proposes to adopt a cross-sectoral and streamlined approach to monitoring and evaluation.** Given the size of the portfolio and the overlapping nature of the interventions the CPS proposes, a targeted set of indicators was selected, with clear preference given to those with existing baselines and an institutional tracking system. Increasingly, the Bank's impact is on the convening and advocacy front. The team is discussing development of a system to track higher-level interventions in order to better understand the full impact of the Bank's interventions.

102. **To the extent possible, the CPS M&E system will be linked with national M&E systems.** The CPS helps build Senegal's monitoring systems and capacities at national and sector levels, as well as Senegal's overall capacity for statistical data collection and processing and economic monitoring. The CPS results matrix will be used during implementation to monitor CPS results. Annual CPPRs will be aligned with the results framework, assessing progress in achieving CPS outcomes, dealing with risks and problems that might hinder achievement, and identifying systemic issues that may affect portfolio performance. At mid-term, the CPS Progress Report will draw on an in-depth examination of the CPS outcomes and assess whether they remain relevant to the longer-term objectives, given country conditions. A Completion Report will be completed at the end of the CPS implementation to feed into the next CPS cycle.

The CPS and Portfolio Implementation

103. **Achievement of the results of the proposed CPS will depend to a large extent on existing programs and the speed with which new programs are developed and implemented.** Learning from the previous CAS period, special attention will be paid to problem projects and disbursements in order to ensure smooth implementation of projects and improve utilization of resources.

104. **As of end of June 2012, the portfolio of Senegal, including 6 regional projects, consists of 21 operations and 14 trust funds totaling $942 million in net commitments, of which $582 million remains undisbursed.** The commitments exclude budget support through the PRSP, which is $40 million annually. The overall disbursement rate for the portfolio remains low, given some procurement constraints and difficulties of implementation in the process of the E-signature disbursement. As a result of the last CPPR, some actions have been taken to overcome systemic procurement issues; and training on E-signature disbursement procedures have been performed for all FM of projects. Thus, a significant increase in country disbursement rate is expected during the coming years. Portfolio performance has generally been good, as most of the projects' ISRs are rated as satisfactory with a moderate FM risk rating. Three projects remain unsatisfactory with substantial FM risk due to ineligible expenditures and weak internal control (GDRH, ASER and PRAO SN). The interim financial reports (IFR) are being submitted on time to the Bank with an acceptable quality. In the last three years, i.e., FY 09 to FY 11, Senegal achieved 100% fiduciary compliance of audited reports submitted within the fiscal year. This performance is higher than the Africa target of 90 percent. Most of the opinions of the last audit reports were unqualified and there are no pending issues of ineligible expenditures. Regarding the Regional projects, three projects are supposed to close during this fiscal (WAAPP, PGIRE and PRSSTAAOC). The second phase of WAAPP and PGIRE are in preparation.

Continuing FM capacity-building sessions are planned in the FM implementation support plan to address FM cross-cutting issues and speed up the disbursement rate during the CAS period.

105. **IFCs current committed portfolio in Senegal is $98 million, composed of six loans, six equity investments and two guarantees.** IFC's strategy for Senegal during the previous CAS period has focused on four areas: (i) increase access to finance for SMEs and microenterprise through financial intermediaries, with the provision of investment and advisory services; (ii) support the private provision of infrastructure with a focus on power and transportation; (iii) support the agribusiness value chain both directly and through financial intermediaries; and (iv) seek to improve the business enabling environment. IFC's current committed portfolio in Senegal, as of 30 September 2012, was $98 million invested in 12 companies, composed of six loans, six equity investments and two guarantees. The portfolio is concentrated in the infrastructure sector, including financing to two IPPs and to the Dakar-Diamniadio Toll road (54 percent), followed by the financial sector, including microfinance (23 percent) and agribusiness, manufacturing and services (23 percent).

106. **In advisory services, IFC had eight active programs in Senegal during FY12,** including capacity building to MSMEs via the rollout of the Business Edge and SME Toolkit products, and increased access to finance to MSMEs via support to banks and microfinance clients. Access to finance to MSMEs has also benefited from two regional programs, namely the Africa Leasing Facility to promote leasing as an alternative financing mechanism, and the Global Index Insurance Facility to develop index insurances against natural disasters and weather risks with PlaNet Guarantee as partner. A project in Corporate Governance was carried out to prepare Senegal's first Corporate Governance Code and support the Institut Sénégalais des Administrateurs. Lastly, IFC has supported the review of OHADA codes and their implementation to improve investment climate across the region, including in Senegal.

107. **The FY13-17 CAS period will be funded across two IDA replenishment periods.** The first two years (FY13-14) will be funded under IDA16 and the last three years (FY15-17) will be funded under IDA17. Most of the projects will be prepared in the first three years of the CPS in order to help the government accelerate growth. In addition, in 2014 the government will begin the new election cycle, and there is likely to be a slowdown in project preparation. The WBG proposes to use this period to support implementation, to accelerate disbursements of the program and to deepen analytical work.

Partnerships

108. **Successful implementation of the CPS will depend on strong leadership by the government of its development agenda and its ability to effectively coordinate development partners.** A number of thematic donor working groups exist, with varying degrees of efficiency. Under this CPS, the WBG will continue to deepen its partnerships, especially in critical sectors, with other donors, and concentrate on activities in its core areas of competency and comparative advantage. The Bank Group works extensively with various donors on different areas of the CPS and this will be further strengthened (see Annex 9).

109. **Close collaboration will continue with the IMF on macroeconomic policy and with other partners engaged in budget support.** The IMF is currently helping the government with a three-year Policy Support Instrument (PSI), which will continue until the end of 2013. At the request of the past and current governments, no funding is being provided by the IMF. The WBG is expected to advise the Fund on a variety of structural reforms covered by their program, notably in energy and other sectors. A small group of donors provide budget support along with the World Bank, including the Netherlands (through 2014), Canada, the European Union, Spain, and the AfDB. This group meets regularly and is finalizing a new framework for their partnership with the government. France provided budget support on an exceptional basis in 2012 but may continue in 2013. The AfDB leads the group.

Consultations

110. **The preparation of the CPS benefited from the 2011 client survey, which provided candid feedback and the opportunity for extensive consultations with stakeholders.** Key players in the development sector were invited to share their views on the partnership between the World Bank and Senegal. Representatives from civil society, universities, the private sector (employers and trade unions, informal sector), academia and think tanks, women-youth-faith groups, development partners, project implementation units, and the new cabinet all welcomed the positive role of the World Bank Group in Senegal and the early and participatory consultation undertaken by WBG in the design of the current CPS. In addition, they largely identified the same core development issues as those developed by WBG (see Annex 5). The need for realism and concentration in order to have impact, the need for good governance and accountability, and the importance of the energy sector were identified as critical issues by almost all groups.

111. **As part of the CPS, the engagement of the legislature with the WBG will be strengthened, as requested by the deputies. The Bank has a history of working with parliament.** During the previous CAS, the WBG supported the creation of the West Africa Chapter of the Parliamentary Network on the World Bank (PNoWB). With the new assembly elected in 2012, the national chapter of PNoWB will continue to support capacity building for deputies and a knowledge and exchange platform with other Parliaments.

IV. Risks

112. **Economic risks present a serious challenge to the goals of the CPS.** The strong reliance of Senegalese exports on Mali and Europe, prolonged uncertainties in Mali, and a continued weak growth in Europe will undermine Senegal's growth aspirations. In addition, remittances are an important part of the economy, and a prolonged crisis in the west could lower transfers and increase social tensions in an environment where pressures are high and space for additional stimulus spending limited. Continuous macroeconomic policy dialogue in close coordination with the IMF and through the development of a better targeted and effective social assistance system should help mitigate this risk.

113. **Regional political instability remains a risk for Senegal**. In 2012, two coups d'états occurred in neighboring Mali and Guinea Bissau. Mali is particularly important economically as Senegal's largest trading partner and transit destination, while Guinea Bissau's instability hampers the resolution of the Casamance crisis. Continued instability in the Sahel will undermine growth and threaten the stability of Senegal. The team will work closely the UN and other agencies to ensure all risks to Senegal are acknowledged and addressed as part of the Sahel initiative.

114. **Increased vulnerability to price shocks and natural disasters:** High food prices, increases in oil prices, and increased flooding could all stretch the budget and undermine the fiscal consolidation effort underway. Increased transfers to the vulnerable to address crises (such as in the last CPS) would delay implementation of the SNDES. The Government has made some progress in disaster management and preparedness; and increased agriculture output, particularly for the most vulnerable, is an important tool to help the poor withstand recurring shocks. The CPS will work with the government to fast track preparation of projects to address these risks.

115. **Sustainability of government reforms and limited implementation capacity of the public administration represents a governance risk.** The limited capacity of public administration to implement committed policies and reforms may generate tensions between the government and the civil society, particularly under the pressure of external shocks, and it may also lead to reverting to previous practices such as use of off-budget accounts. The CPS attempts to mitigate this risk through: (i) regular dialogue with the political authorities; (ii) proactive dissemination of information; (iii) reliance on civil society to monitor governance environment and implementation; and (v) project and policy dialogue.

116. **Implementation risks:** Portfolio implementation delays, due in part to low capacity and poor coordination amongst government agencies, may delay the program. The CPS attempts to minimize the risk of delays by: (i) focusing operations on areas of high strategic importance; and (ii) building wide consensus on the content of the operations throughout the development phase. Execution will also be a challenge, due in part to the lack of adequate staff qualified to manage the procurement process. To mitigate this risk, WBG staff will be more engaged in the project management process and increase the number of portfolio reviews with the government (from once a year to three times a year). To minimize delays, efforts will continue during the approval process to ensure that implementation readiness and project design is clear and implementable.

Table 4: Indicative CPS Lending and AAA Program FY 13-15

	Financing	IDA	TF / Other	Key knowledge products
FY	**IDA projects & *TF***	**US$M**	**US$M**	
	Casamance Pole (Stand-by) and SPF	40	3	
				Poverty and Gender Policy Notes
	Regional OMVS (PGIRE)	10	20	Safety Net Assessment TA
2013	Basic Education IDA / GPE Education	20	46	ICT for Transforming Senegal (TA -TF funded)
	Regional Higher Education	9	18	Nutrition Policy and Partnership TA
	Agri-Business	75	6	Study on agency rationalization (Reciepient Executed)
	Food Security and Livestock Support Project		20	
	GGSC-1 DPO	55		
	IDA Subtotal	150	52	
	IDA and regional Subtotal	**209**	**90**	
	Senegal-Mauritania Electricity PRG	15	30	Public Sector Performance AAA
	IFC – IPP PRG	7	30	Sustainable Energy for All AAA (TF)
	Social Safety Nets	30		TA to begin setting up the CAPSU
	Heath project	20	20	
				ICA with a focus on employment, agroindustry, tourism and competitiveness
2014				Barriers to intraregional trade and Senegalese Exports (regional study)
	Growth and Export Development	25		Index-Based Agricultural Insurance TA-TF funded
	GGSC-2 DPO	30		Private Sector Water and Sanitation TA- TF funded
	Public Sector Performance TA and additional financing	25		Senegal growth and spatial development strategy
				Regional transport interconnectivity piece
	IDA Subtotal	**132**	**80**	
	IDA FY16 subtotal	**282**	**132**	
	Regional Fisheries	15		Access to Finance for SMEs ESW
	Dakar-Bamako Railway	40		
	Skills Development TVET	35		
2015	Financial Sector and Justice	30		
	Water and Sanitation (AF)	TBD		
	Climate resilience and Disaster Risk Management (AF)	30		
	GGSC-3 DPO	TBD		
	IDA Subtotal	**150**		
TOTAL (FY2013-2015)		**432**	**173**	

projects in Italics are regional projects

CPS Annexes

Annex 1: Senegal CPS Results Matrix

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
Foundation: Strengthening Governance Framework and Building Resilience				
Improve efficiency and effectiveness of public finance management Fight corruption and non-transparency in public sector administration Strengthen monitoring and evaluation and statistic systems	Weak performance framework in public sector for accountability for results Weak process of planning, evaluating, and accountability for results in public sector development programs Weak link between strategic policies and priorities, and the budget Difficulty in the interfacing between the various financial management information systems	**1. Improved public sector accountability** - *Time for the publication of the Audit Court annual report after submission to the president reduced from 360 days in 2012 to 8 days by 2017* - *Percentage of holders of public office (Ministers) that make a declaration of assets increased from zero to 100 % by 2017* - *Time for the adoption and public disclosure of budget review act (lois de reglement) after the end of fiscal year reduced from 18 months in 2012 to 6 months by 2017*	Percent agencies with performance contract increased from 0% in 2012 to 50% in 2017 Five new hospitals have performance agreement signed by 2017 Computerized PFM information system reviewed M&E Framework is operational in sector institutions and at center of government and supporting decision making process Operational results-based M&E making framework established at national and key sectors Performance-based budgeting framework adopted Senegal achieving EITI compliance status in	***On-going Financing*** • Local Authorities Development Program (P084022, FY07) • Public Resources Management Strengthening TA (P122476, FY11) ***Planned Financing*** • *GGSC DPO Series (FY13-15)* • *Public Sector Performance SWAP or PforR (FY14/15)* **Indicative AAA** • Programmatic Public Sector AAA: Asset declaration • PFM Strengthening TA (FY14) • Governance Policy Planning Support • Policy Notes • Poverty and Gender Report • Spatial Development Study • Programmatic Public Sector AAA: Strategic Planning & M&E, and HRM • Statistical Capacity Development • Public Sector Impact on Education Service Delivery Value chain analysis of public procurement (FY13)

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
Prevent and reduce the risk of major disasters Flood prevention, Disaster Risk and Sustainable Land Management, and Climate Change Adaptation Reduce the impact of climate change on ecosystems	Lack of coordination and capacity in disaster risk management Development/Urban planning which does not integrate Disaster Risk Management and Climate dimension Weak capacity to manage and maintain urban drainage systems. High vulnerability of youth (women and men) in Casamance	**2. Sustainable land and Water Management** - *Additional area with SLWM practice in targeted areas of intervention: 7,000 ha by 2017* **3. Improved drainage and flood prevention in selected urban areas** - *Additional area protected against recurrent flooding in Dakar by 2017: 460 ha by 2017* **4. Reduced vulnerability of population in Casamance region** - *Additional people provided with income*	calendar year 2015" Annual Performance audits (including technical audits) done by the authority(ies) in charge, for at least 5 Contracting Authorities by 2017 Climate resilient and integrated coastal zone management plan developed (to be coordinated with EU) Urban plans integrating flood risks in Peri-urban Dakar developed 150,000 Number of young women and men trained for jobs in Casamance region	***On-going Financing*** • Stormwater Management and Climate Change Adaptation (P122841, FY12) • Sustainable Land Management (P108184, FY10) • Agricultural Markets and Agribusiness Development Project) • *WA Senegal River Basin Water Resource* **Planned Financing** • Casamance Pole (FY13) **Indicative AAA** • *Climate Change ESW* • *LGAF Assessment* • *3a- Coastal zone vulnerability to climate change study ESW*

<table>
<tr><th>Country Strategic Objectives (SNDES 2013)</th><th>Issues and Obstacles</th><th>CPS Outcomes</th><th>Milestones</th><th>Program instruments</th></tr>
<tr><td></td><td></td><td>generation opportunities in Casamance reaching 200,000 by 2017</td><td></td><td></td></tr>
<tr><td colspan="5">I. Accelerating Growth and Employment</td></tr>
<tr><td rowspan="2">Improve investment climate and access to financial and non-financial services for SME</td><td>Weak business environment (Senegal ranked 154th of 183 countries)</td><td>5. Improved investment climate for private sector
- Delay in treatment of cases at the Tribunal Regional de 1ere Instance de Dakar reduced from 185 days in 2012 to 140 days by 2017
- Reduced number of days required to obtain a construction permit reduced from 210 days in 2012 to 170 days by 2017</td><td>Systems for construction permit, registering property, and paying taxes processes (IC) implemented

OHADA uniform acts on company law and insolvency law reformed</td><td rowspan="2">On-going Financing
• Economic Governance Project (FY10)
• IFC - OHADA UA 2
• IFC - SMS Africa
• IFC - GTFP Ecobank Senegal (27515)
• IFC – St Louis Finances & Fides Senegal TA
• IFC - MC Senegal & MC Senegal TA

Planned Financing
• GGSC DPO Series (FY13-15)
• IFC Investment climate project (FY13-16)
• IFC - SSA Credit Bureau Program (577627)
• Growth and export development project (FY14

Indicative AAA :
• Mining Sector Diagnostic & CD
• Access to Finance for SMEs ESW
• Financial Sector Dev. ESW
• ICT for Transforming Senegal TA
• Barriers to intraregional trade and Senegalese Exports
• Investment Climate Assessment</td></tr>
<tr><td>Difficult access to finance for MSME

Low levels of private investment in productive sectors</td><td>6. Improved access to finance for Micro, Small and Medium Enterprises

- Increased number of MSMEs getting credit to reach at least 50,000 by 2017</td><td>WAEMU-wide regional Credit Bureau created

Capacity-building training provided to at least 300 targeted SMEs (SMS Africa) by 2017</td></tr>
</table>

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
Increase agricultural production and productivity Develop markets for horticultural and agricultural products	Limited access to labor-saving technologies and equipments Limited access to financial (credit and insurance) and output markets Weak production infrastructures (storage, road, irrigation) High dependence on rain-feed agriculture High risk of land degradation from salinization and wind erosion Capacity to implement improved technologies is weak and inefficient	**7. Increased agricultural productivity and marketing** - *Average yield of main cereals increased from 1.5 tons/ha in 2012 to 3 tons/ha in 2017 for Millet and Sorghum, and from 2 tons/ha to 4 tons/ha for Maize.* - *Horticultural (fruits & vegetable) exports increased from 24,000 tons in 2012 to 40,000 tons by 2017* - *Number of beneficiaries of improved technologies of which 40% female* *o Baseline (2013): 80, 000* *o Target (2017): 700, 000*	Area under new technologies increased from 40,000 ha in 2013 to 500,000 ha in 2017 Regional Agriculture research center of excellence established index-based insurance for natural disasters and weather risks provided to 66,000 farmers (GIIF) by 2017 Increased access to market to 1,000 SMEs/farmers (Patisen) by 2017 Rehabilitation of 7,400 ha of irrigated perimeters in the Senegal River Valley and 465 ha in the Anambe Basin	**On-going Financing** • Agricultural Markets and Agribusiness Development Project (FY06) • West Africa Agricultural Productivity (FY12) • WA Senegal River Basin Multi-purpose Water Resources Dev. I (FY06) • IFC - Global Index Insurance Facility Program/PlaNet Guarantee • IFC - Patisen **Planned Financing** • Senegal Agribusiness Project (FY13) • GGSC DPO Series (FY13-15) • IFC - Global Warehousing Finance Program (GWFP) BICIS (32394) **Indicative AAA :** • Index-Based Agricultural Insurance TA (FY14) • WA Trade & Agriculture ESW ICA with Focus on Employment, Agro industry, Tourism, and Investment
Sustainable management of fishery resources	The uncertainty over the sustainability of fish supply as a result of open access is the fundamental obstacle to increased investment in the sector and greater	**8. Improved sustainable management of fishery resources** - *% of registered small-scale fishing vessels originating from within the coastal region*	Freezing of the artisanal and industrial fishing fleets effective by the end of 2013 Private Associations of users in 12 sites along the coast supported to manage defined fisheries/fishing	**On-going Financing** • West Africa Regional Fisheries Program **APL-A1** (FY10) • IFC - Global Index Insurance Facility Program/PlaNet Guarantee **Planned Financing** • IFC - Global Warehousing Finance Program (GWFP) BICIS

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
	value added along value chain	*allocated with secure rights in the form of long-term and transferable permits.* *Baseline (2010): 0 %* *Target (2017): 70%*	areas by 2017	• West Africa Regional Fisheries Program **APL-A2** **Indicative AAA :** • Index-Based Agricultural Insurance TA (FY14) • WA Trade & Agriculture ESW ICA with Focus on Employment, Agro industry, Tourism, and Investment
Facilitate access to energy services	Poor reliability of electric services Weak energy production capacity and low level of access to electricity High cost of electricity is high, requiring unsustainable subsidies that crowd out fiscal space	**9. A. Improved access to affordable electricity** - *Cost of power generation reduced from CFCA 88/kWh in 2011 to CFCA 75/kWh by 2017*	Liquefied natural gas feasibility study completed 85 MW of additional energy produced (WAAP & Tobene PPP) 80 MW Power generation imported from Mauritania Action plan for renewable energy developed	**On-going Financing** • PROGEDE II Energy Management (FY10) • WA Power Pool OMVS Felou Hydroelectric Project (FY06) • Electricity Sector Support (FY13) • Lighting Africa Program **Planned Financing** • WA Senegal-Mauritania Electricity Operation (FY14) • IDA/IFC - Tobene IPP/PRG (FY14)
Increase access to electricity in rural areas	Access to electricity is very low for rural households (27 % in 2012)	**9 B. Improved access to electricity in rural areas** *Additional people with access to electricity in selected areas of intervention reached 250,000 by 2017*	Expected end target by 2015 by contract with the concessionaires for the current project including contribution from other donors reached 146,000 people	**On-going Financing** • PROGEDE II Energy Management (P120629, FY10) • WA Power Pool OMVS Felou Hydroelectric P. (P094916, FY06) • Electricity Sector Support (P125565, FY13) • Sustainable energy for all initiative **Planned Financing** • WA Senegal-Mauritania Electricity Operation (FY14)

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
				• IDA/IFC - Tobene IPP/PRG (FY14)
Develop road, railway, air, and port infrastructure in economic production zones	Reduced national transport infrastructure networks Unbalanced spatial distribution of roads between districts Limited Urban mobility conditions in the Greater Dakar	**10. Improved mobility in targeted urban and inter-urban areas** - *Transport time reduced on selected routes:* *(i) Grandes Niayes Area from 3.5 hrs in 2012 to 2.5 hrs by 2017 and (ii) Between Dakar and Diamnidio from 1.5 hrs in 2012 to ½ hr by 2017*	60 Kms of new urban/inter-urban raods constructed 80 Kms of urban/inter-urban roads rehabilitated 714 Kms of rail roads rehabilitated	**On-going Financing** • Dakar Diamniadio Toll Highway (FY09) & IFC - SENAC • Transport & Urban Mobility (FY10) • Local Authorities Development Program (FY06) • WA Air Transport II (FY09) **Planned Financing** • Rehabilitation of Dakar-Bamako Railway (FY14) **Indicative AAA** • Intraregional trade and Senegalese Exports Policy support

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
Expand access to professional training with close links to job market	Significant share of enterprises report skill shortages as an impediment to their business Of the population aged 15-59, only 15.5 percent had received technical or vocational training Recent trends in university enrolment and employment opportunities suggest a widening of the gap between skills with high demand and the education provided by public universities**.**	**11. Improved skills of labor force** - *Enrollment in professional and technical training increased from 17% in 2012 to 30% by 2017 (disaggregated by gender)*	6000 Number of intermediate level workers trained 10,000 Number of beneficiaries of TVET in selected sectors 5 Number of TVET schools with PPP funding	**On-going Financing** • Education For All FTI Catalytic Fund (P116783, FY10) • Tertiary Education for Results (P123673, FY11) **Planned Financing** • GGSC DPO Series (FY13-15) • Quality Basic Education (FY13, IDA & GPE) • Skills Development for Job Creation (FY14) • GPE Improving Learning Outcomes (FY14) • Ministry of Education Capacity building TF (FY13) **Indicative AAA** • Multi-sector Labor Markets and Human Capital Study (incl. Casamance Youth employment) • Education PER Update • Sub-regional Network for Results-based Education Sector Governance
II. Improving Service Delivery				
Improve quality of education and learning outcomes Completion rate of primary school increased from 75% in 2012 to 90% in 2017	Low primary completion rate Low university internal efficiency: an average of 5 years to complete a 3-year degree Low quality in terms of leaning outcomes.	**12. Enhanced equity and quality of education** - *Promotion rate at grade one for selected universities increased from 50% in 2012 to 70 % by 2017 (disaggregated by gender)* - *Percent grade 2 students passing standardized learning test in math and reading*	Performance contracts signed with at least 5 universities Performance contract signed with all education districts Shift from arts disciplines to math and sciences starting at junior secondary level	**On-going Financing** • GGSC DPO Series (FY13-15) • Tertiary Education for Results (P123673, FY11) **Planned Financing** • Quality Basic Education (FY13, IDA & GPE) • Ministry of education Institutional Capacity building TF (FY13) **Indicative AAA** • Public Sector Impact on Education

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
	Education system largely dominated by literature/arts discipline against scientific disciplines Lack of accountability on outcomes	*increased from 54% in 2012 to 65% by 2017(disaggregated by gender).*	Implementation of a reformed secondary education curriculum	Service Delivery • Education PER Update WA sub-regional Network for Results-based Education Sector Governance
Improving the delivery of health services Improve maternal and child health services Expand social protection services to informal sector and vulnerable groups	Poor access to health care – only 30% of poorest women benefit from assisted deliveries Malnutrition contributes to 1/3 of all deaths of children and low birth rate lowered IQ by 5 points. The safety nets system is weak and does not address the needs of the poor, reaching less 25% of poor. Subsidies to protect	- **13. Improved health delivery services** *Deliveries attended by skilled birth providers increased from 65% in 2012 to 75% in 2017* - *Children 0-11 months with complete immunization increased from 63% in 2012 to 79% by 2017* - *Number of children receiving a minimum of micronutrients sachets in targeted areas increased to 1 million by 2017* **14. Improved access to safety nets** - *Number of household beneficiaries of targeted cash transfers increased from 0 in 2012 to 20,000 by 2017 (disaggregated by gender)*	The number of health facilities with an operational Result-Based Financing contract increases from 0 in 2012 to 250 in 2017. Institutional framework for functional « Caise autonome pour la protection social » is in place Program tools and processes	**On-going Financing** • Nutrition Enhancement Program II (FY07) and AF (FY12) **Planned Financing** • Health RBF (FY14) **Indicative AAA** • Health-Seeking behavior in Women TA **Planned Financing** • Social Safety Nets Operation (FY14) **Indicative AAA** • Safety Nets Assessment TA (FY13) • TA to set-up CUPSU (FY13/FY14)

Country Strategic Objectives (SNDES 2013)	Issues and Obstacles	CPS Outcomes	Milestones	Program instruments
	the poor and help them cope with shocks are costly and poorly untargeted Safety net programs are spread across various ministries with different targeting methodologies and systems for identifying beneficiaries.		are developed and tested: These include procedures for identification registration, payment of beneficiaries; and monitoring and evaluation system)	
Improve access to potable water and sanitations services in urban and rural areas	The global access rate to potable water of 79% is higher than in most SSA countries but still insufficient and access rates vary substantially among Regions. Almost 25 percent of rural households have no “reasonable” access to safe water The global access rate to sanitation is estimated at 64 percent in urban areas and only 28 percent rural areas (improved latrines)	**15. Increased access to water and sanitation service in selected rural and urban areas** - *Additional people with access to piped water in selected areas of intervention: 320,000 people in rural areas and 690,000 people in urban areas by 2017* - *Additional people with access to sanitation services in selected areas of intervention: 275,000 people in rural areas and 690,000 people in urban areas by 2017*	A new institutional framework that maintains the PP option for the urban water subsector is defined At least 100 associations of water users established in selected areas of intervention Dakar Master Plan of Drainage developed	***On-going Financing*** • Water and Sanitation Millennium Project (P109986, FY10) ***Planned Financing*** • *Water and Sanitation Project (FY15)* **Indicative AAA** • *Private Sector in Water and Sanitation TA (FY14)*

Annex 2. CPS Completion Report

REPUBLIC OF SENEGAL

FY07-10 COUNTRY ASSISTANCE STRATEGY COMPLETION REPORT

Summary

1. This Country Assistance Strategy Completion Report (CASCR) assesses program performance and Bank performance for the FY07-10 Senegal Country Assistance Strategy (CAS), which was discussed by the Board of Executive Directors on June 20, 2007 (Report No. 36608-SN). This assessment covers the period up to December 31, 2010, extending the discussion beyond FY10 in some cases as the preparation of the next CAS was postponed due to delays in finalization of the PRSP-III and the March 2012 presidential elections in Senegal. During most of the years covered by this assessment, implementation challenges were significant because Senegal had to deal with a series of external shocks and risks of a magnitude that few could have foreseen.

2. Senegal's economic performance has been greatly affected by recent external shocks and poor governance. Although Senegal had a good system, of public accountability and transparency, these systems weakened between 2006 and 2011 and Transparency International's Corruption Perception Index for Senegal declined from between 2007 and 2011 from 3.6 to 2.9. This has hampered achievements, in terms of objectives of the PRSP to which the CAS was designed to contribute to. Senegal has not shared the rapid growth experienced by its peer sub-Saharan countries over the last decade; growth in Senegal averaged only at 4 percent between 2000 and 2010 (short of the 7 percent envisaged in the PRSP) compared to 6 percent for the rest of SSA. There has been no significant reduction in poverty between 2006 and 2011, and progress towards the MDGs, while encouraging, have thus been short of original expectations.

3. Although 15 of the 26 expected CAS outcomes were achieved, the fact that many others were either partially or not achieved leads to an assessment of the outcomes of the program as ***moderately unsatisfactory***. Bank performance, however, is assessed as ***satisfactory***, both for program design and implementation. The Bank was particularly proactive and with flexibility in adjusting the program to changing country circumstances and priorities. In particular, the PRSC and other operations approved during the period of 2008-2009 successfully helped the country mitigate the risks resulting from the successive shocks

4. Lessons learned from the CAS include: the strong impact of a long-term Bank involvement in focused areas as well as the need for more realism in design of the operations and adjustments during their implementation, especially in areas where reforms are difficult and governance aspects are critical. The effectiveness of well-focused budget support with strong analytical underpinnings has been confirmed again, and the impact of multi-sectoral DPOs has been shown to be stronger when they are delivered in synergy with parallel sectoral operations.

5. Senegal faces the risk of stalled growth. Higher growth rates, of 7 percent and beyond, will be necessary to reach the MDGs and reduce poverty. Such growth would need to be driven by broadening private sector activity well beyond current levels. Fostering strong growth will also require sustained transformational changes in the economy. For the next CAS, a guiding Bank principle should be to continue engagements in areas where the Bank has long experience, or become engaged where there is potential for transformative change and Bank interventions can have demonstration effects that trigger greater change.

Context and Objectives of the CAS

6. When the 2007-2010 CAS was being prepared, the Government had adopted its second generation Poverty Reduction Strategy Paper (PRSP-II) covering 2006-2010. The PRSP vision was articulated around four pillars[9]: (i) wealth creation; (ii) access to basic social services; (iii) protection of vulnerable groups; and (iv) greater transparency and participatory processes. At the center of the first pillar, the authorities had placed the newly adopted Accelerated Growth Strategy (AGS) which emphasized the need to encourage private sector led growth and to expand and diversify exports. It was hoped that rapid implementation of the AGS would accelerate economic growth to the range of 7-8 percent, a significant improvement over the average growth of 4-5 percent experienced by Senegal from 1994 to 2005. The Government and the World Bank Group (WBG) shared a common vision of the overall objectives to be achieved over the next years. The new CAS thus aimed at supporting Senegal's PRSP-II with the ultimate objective of attaining the Millennium Development Goals (MDGs). It reflected various phases of the consultation process within the WBG and in Senegal. It also recognized the regional dimension of Senegal’s development as well as the importance of enhancing gender development and building further local capacity.

7. The proposed activities of the 2007-2010 CAS were clustered around three pillars and one cross-sector governance filter: (i) fostering economic growth through support to private sector development; (ii) improving human development through better delivery of social services, notably to the most vulnerable groups; and (iii) enhancing rural and urban synergies. Transparency was to be mainstreamed in all programs and projects supported by the CAS to help improve public and private governance. Bank support was envisaged to achieve the following major outcomes under the three pillars:

- **Pillar I:** Strengthening GDP growth to an annual rate higher than Senegal’s historical average, as one of the prerequisites for reaching MDGs. WBG support aimed to achieve the following outcomes: (i) promoting a competitive investment climate; (ii) building and maintaining basic infrastructure for growth; (iii) facilitating access to financial resources by small and medium enterprises; (iv) promoting a modern and

[9] The first three pillars were already included in the first PRSP (2003-2005), while the last one has emerged as a new priority for the authorities.

diversified agricultural sector; (v) fostering sustainable development and management of natural resources; and (vi) developing skilled labor and use of technology[10].

- **Pillar II:** Human development and shared growth. Increasing access to social services and creating opportunities for poor and vulnerable groups was at the heart of Senegal's PRSP agenda. WBG support aimed at: (i) increasing quality of and access to basic education; (ii) improving health services provision for women and children; and (iii) improving protection of targeted vulnerable groups.

- **Pillar III**: Rural and urban synergies. The rapid urbanization in Senegal is a major challenge and the authorities need to find the right balance between urban and rural development. WBG support aimed at: (i) balancing the provision of infrastructure between urban and rural areas; (ii) reducing the vulnerability of immigrants and emigrants; and (iii) improving the quality of life of the population through better management of natural resources and improved access to water and sanitation.

8. The governance filter of the CAS was also aligned with the PRSP-II fourth pillar on transparency and participatory processes, justified by the need to strengthen the effectiveness of public spending (through efficient budgetary procedures and controls) as well as to promote private sector development (through less distortion and better access to justice). The proposed WBG assistance thus aimed at: (i) greater transparency and efficiency in the use of public resources; (ii) increasing public sector accountability through decentralization, stronger institutions and better information; and (iii) strengthening and modernizing the judicial system and mechanisms for private governance.

9. The 2007-2010 CAS was also strongly influenced by the 2003 CAS, itself organized around three key pillars with areas of focus which retained and/or emphasized in the next CAS: (i) wealth creation; (ii) capacity building and promotion of basic social services; and (iii) improving the living conditions of vulnerable groups. A large number of corresponding activities started prior to 2007-2010 CAS - mainly 16 operations[11] - were thus pursued, including a DPO (Private Sector Adjustment Credit), five APLs and other investment projects. Following-up also on the two first PRSCs approved in 2004 and 2006, PRSC III, the last of this first series of PRSCs for Senegal was approved in June 2007 together with the CAS.

10. Using a selected mix of financing instruments and a targeted program of Analytical and Advisory Activities (AAA), the CAS was aligned with ongoing reform programs, while moving gradually toward a more programmatic approach. It also promoted selectivity by leaving aside some key aspects of the PRSP agenda, such as support to the livestock sector, the banking sector and telecommunications, which were likely to benefit from assistance from other donors. Active partnerships with the private sector and other donors were planned, including in the water and road sectors. In other

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[10]This sixth outcome was des-emphasized with the CASPR (Report 48600-SNCFT, May 28, 2009).

[11] There were in addition two regional APLs, the West Africa Agriculture Productivity Program and the Felou Hydroelectric APL.

sectors, complementarities were sought in terms of lending instruments[12]. The CAS aimed at maximizing the impact of the WBG's assistance: (i) with the use of various financial instruments such as budget support, single investment projects, and community driven development initiatives; (ii) by maximizing synergies within the WBG; and (iii) leveraging financial resources beyond the country allocation through partnerships and donor coordination. The use diversified mechanisms to deliver the program of assistance was consistent with the objective of increasing mutual accountability and aligning disbursement procedures with national systems and enhancing cross-sector externalities in areas such as budgetary and financial reforms, decentralization, and the protection of vulnerable groups.

11. The **CAS was supported by a strong program of AAA.** Sixteen pieces of ESW were delivered, along with two TA activities. This included a country economic memorandum, a poverty assessment, a multi-sector public expenditure review, and a country environmental assessment. Three smaller pieces of ESW, planned in the later years of the CAS, were dropped, but they were replaced by three others. The initial projections for delivery tended to be overly optimistic so many products slipped by a year.

12. The CAS proposed a lending program based on a total envelope of IDA resources of US$420 million over four years (or an average of US$l05 million a year) balancing the WBG's assistance across the three key pillars and the governance filter. Proposed support to the three CAS pillars was equally divided between pillars I and III (with a share of 44 percent and 40 percent of total lending respectively), with pillar II receiving about 16 percent of the Bank's assistance. By FY09 and FY10, with the start of the second PRSC series, PRSCs were expected to become the key WBG's instrument to sustain human development in Senegal, including the protection of vulnerable groups. At the same time, Bank would still rely on CDD-type operations, with the aim to increase empowerment of local communities and final beneficiaries, and strengthen the decentralization process. It was also planned to intensify efforts at mobilizing extra funding for ESW through Trust Funds and collaborative efforts with other donors; for example the planned Public Expenditure Financial Assessment (PEFA) was to be carried out with the donors providing budgetary support.

13. The results-based framework for the CAS comprised 26 main outcomes aligned with the PRSP objectives and MDGs. Overall success for the WBG was expected to be measured in principle by the contribution of the CAS to high order national goals: (i) higher GDP growth in the range of 7 percent; (ii) reduction in poverty levels, notably in rural areas, along the lines of the first MDG; and (iii) the capacity to generate more and better jobs, leading to a decline by half of unemployment and underemployment rates. The CAS report listed a number of risks, including the vulnerability to internal and external shocks. It underscored the risks of stalled growth and vulnerability to natural disasters and external shocks.

[12] For example, the Bank providing budgetary support in the health sector, while other donors focus on investment projects

Developments and Adjustments during CAS Implementation

14. Implementation of the CAS had barely started when Senegal was hit by a succession of shocks of a magnitude that few could have foreseen, and which deeply affected economic and fiscal performance. First, the run up in oil prices and the surge in food prices started to weigh down the economy in 2007. Increasing problems[13] of the State-owned power company SENELEC, resulting in high costs and blackouts, also hurt economic activity. Poor rains in 2007 led to a fall of agricultural output which in turn contributed to exacerbate the impact of escalating food prices on the population. Second, with the onset of the global recession in 2008 GDP growth declined, fiscal performance turned out unusually weak and budget slippages led to a large accumulation of unpaid bills by the Government to domestic suppliers. Construction and commercial activity slowed sharply with the combined effect of substantial payment delays to suppliers and the negative impact of surging oil and food prices on the demand for domestic output.

15. By 2009 further effects of the global crisis were felt with major channels of transmission of the global economic recession to the Senegalese economy being exports, remittances, tourism and foreign direct investment. While revenues were expected to fall short of the budget's original targets, leaving overall spending targets unchanged and allowing a widening of the deficit appeared as a more desirable option by avoiding a contractionary stance at a time when the economy could least afford it and developmental goals were most vulnerable. A supplemental budget was prepared. In addition to substantial support from donors the Government managed to mobilize additional short-term domestic bank financing. The prompt and early completion of the authorities' domestic arrears clearance plan was a key element of the policy response to the crisis. The authorities also undertook a core set of critical actions to restore budget discipline and avoid a recurrence of slippages by accelerating Public Financial Management reforms (PFM). Instead of the 4th PRSC originally planned a new stand-alone DPO – the Public Finance Support Credit (PFSC) – was swiftly prepared and approved in June 2009 to respond to Senegal's need for additional financial assistance and to support those new actions with a primary focus on fiscal issues.

16. The succession of shocks had a significant impact on GDP growth. As shown in Annex 1, Political and Economic Development during the CAS period, following a first severe drop to 2.4 percent in 2006, real GDP growth averaged 3.4 percent, significantly below the 5 percent average achieved between 1994 and 2005. Growth started to recover only by 2010 when it was estimated at 4.2 percent. This performance is disappointing when compared to the PRSP-II expectations. As the population growth rate remained around 2.5 percent per year, per capita income growth stagnated as shown by the 2011 poverty survey. Poverty rates dropped from 48.5 percent in 2005 to 46.7 percent in 2011.

17. On the political front, although Senegal continued to enjoy a relatively stable political climate during the CAS period with President Wade winning his second term with the 2007 elections, the political context was further complicated when his coalition

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[13] Higher oil prices and a policy-mandated incomplete pass-through to retail electricity prices compounded internal inefficiency in SENELEC.

lost control of the city council in the capital Dakar and other key cities in the country in the March 2009 local elections. Some policies and reforms on which a broad consensus had not been forged became more difficult to implement because of the relative victory of the opposition. In some sectors, the turn-over of ministers was fast but key ministers, including the Minister of economy and finance stayed. Frustrations due to unmet expectations, increased food prices, higher electricity prices and power outages, and high unemployment resulted in some social unrest in the country, as the population continued to press for government actions against any further deterioration of their living standards. The overall context required accelerated reforms and a balance between short and long-term goals. Increased vulnerability in a difficult global environment called for quick responses but at the same time the Government had to keep the focus on areas of long-term growth potential.

18. The Bank reacted swiftly to the succession of shocks that Senegal faced. Adjustments were made to the program, primarily to respond effectively to the crisis resulting from the successive shocks and particularly meet the country's urgent financing needs. Instead of a new series of three PRSCs starting in FY09, the stand-alone Public Finance Support Credit DPO was approved in June 2009 with a US$60 million equivalent[14] credit. This provided more time for the design of a medium-term reform agenda supported under the new PRSC series that eventually started with PRSC-IV in June 2010. Financing for The Dakar-Diamniadio Toll road project (FY09) was scaled up from US$80 million to US$105 million to help close a financing gap for this critical project. US$20 million in IDA funds cancelled from the Private Sector Adjustment operation were reallocated to fund a rapid response to the food crisis under the Global Food Crisis Response Program through two operations: (i) the Emergency Nutrition/Cash Transfer project to assist the most vulnerable (FY09), and (ii) an additional financing to the Agricultural Markets project to finance rapid interventions in agriculture (FY010). Also emergency support was provided through the ongoing the Participatory Local Development Project to finance urgent pumping equipment purchases after the August 2009 Dakar floods.

19. Other adjustments were made to the program allowing, inter alia, some degree of consolidation of the portfolio. The second tranche (US$24 million) of the unsatisfactory Energy Sector Recovery DPO was cancelled in December 2010 as well as the remaining proceeds of the Energy Sector Efficiency Project, and recommitted to the 2011 PRSC-V and Public Finance Management TA. Few planned operations were dropped - the proposed Accelerated Growth Strategy operation and the regional Senegal-Mauritania-Gambia Integration operations - while several were postponed and approved or were expected to be approved after the end of the CAS period. In contrast, five additional operations15 were approved. Most of the APLs still under implementation shortly before

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[14] In addition the first tranche (US$56 million) of the Energy Sector Recovery DPO, programmed in the CAS, was disbursed in September 2008.

[15] West Africa Air Transport Safety, Rapid Response Nutrition Security/Cash Transfer, Public Finance Support Credit, Sustainable Land Management GEF, Regional Fisheries - excluding the Sustainable Management of Fisheries Resources Additional Financing and Felou Hydroelectric Additional Financing.

or by the beginning of the CAS period were pursued with a second APL phase 16: Also the four operations planned as follow-up to the Second Transport Sector Project (closed in 2007) and Urban Mobility Improvement Project (closed in 2008) were consolidated in one operation: the June 2010 Transport and Urban Mobility Project. The planned Judicial Government project was broadened as the Economic Governance Project (approved in June 2010).

20. The Bank delivered significantly more resources over the CAS period (US$680 million – including US$80 million of Senegal's share in regional projects) than originally programmed (US$420 million) – see Table 2. The additional resources came primarily from: (i) reallocations of US$130 million to the Senegal country program from within the Africa Region, primarily to finance the Energy Sector Recovery DPO and for the economic crisis-related responses in FY09, (ii) a slightly larger IDA-15 envelope, (iii) a reprogramming of a cancelled tranche of the PSAC operation to support two Global Food Price Crisis Response operations, and (iv) higher allocations with the regional projects approved during the CAS. A significant use of trust fund resources also made during the CAS period, with total new commitments exceeding to about US105 million, including funds from a Multi-donor Trust fund for Public Finance Management and another Multi-donor Trust Fund for a Rapid Response Child-focused Social Cash Transfer and Nutrition Security. In addition to the PRSC-III approved in June 2007 (when the CAS was discussed by the Board) 18 new operations were approved until June 30, 2010, among which PRSC-IV, two other DPOs and four regional projects (see table 2 and Annex 2). The weight of infrastructure was important; with for example 41% of the portfolio devoted to energy and transport plus 17% in local development in terms of commitments by end of 2009.

21. In Senegal IFC committed $98 million over the CAS period and invested in 12 companies, composed of six loans, six equity and two guarantees. The portfolio was concentrated in the infrastructure sector including financing to two IPPs, two rural electrification PPPs and the Dakar-Diamniadio Toll road, followed by investments in two banks (Ecobank and CBAO Attijariwafa) and two microfinance Greenfield operations (Microcred Senegal and St Louis Finance), two agribusiness (GRIMAS and Patisen) and one hotel (Radisson Blu). In advisory services, IFC had eight active programs in Senegal at the end of the CAS period, including capacity building to MSMEs via the rollout of the Business Edge and SME Toolkit products, and increased access to finance to MSMEs via support to banks and microfinance clients. Access to finance to MSMEs has also benefited from the Africa Leasing Facility to promote leasing as an alternative financing mechanism. A project in Corporate Governance was carried out to prepare Senegal's first Corporate Governance Code and support the Institut Sénégalais des Administrateurs. Lastly, IFC has supported the review of OHADA uniform acts and their implementation to improve investment climate across the region including in Senegal. None of MIGAs guarantees were called during the CAS period.

[16] The APLs for which a second phase was approved during the CAS were the Nutrition, Quality Education for All, Sustainable and Participatory Energy Management, Agricultural Services and Producer Organizations and Felou Hydroelectric projects.

22. A substantial program of analytical work has been undertaken, broadly fulfilling the scope of what was planned under the CAS although there has been some slippage between years (see Table 3). Significant non-lending work included the *Country Economic Memorandum*, the *Poverty Assessment*, the FY07 *Public Expenditure and Financial Accountability* (PEFA) and the PEFA carried out for the city of Dakar (which underpinned the preparation of budget support operations), technical assistance in *Hospital Reform* and a major *Programmatic Public Expenditure Review* with a first phase covering education, health and transport. The Bank also continued to engage in dialogue with the Government in the key area of spatial integration, both in terms of territorial development and of regional integration.

23. A CAS Progress Report (CASPR) was issued in May 2009 (Report 48600-SN). It did not recommend any significant adjustments for the remaining years of the CAS, and we recognize that major readjustments could have been done to reflect the country changing circumstances and priorities of a country faced with both internal (mainly governance) and external shocks. It did, however, suggest some postponements of national investment and regional projects to the next CAS. The CASPR concluded that (i) while progress against CAS goals had been mixed to-date, the strategic objectives set out in the CAS remained consistent with national priorities; (ii) projects were broadly on track to achieve their development objectives; and (iii) the analytical work undertaken or that was being undertaken would adequately underpin the preparation of a new partnership strategy with Senegal during FY11. The review of the original outcomes (with a large number of indicators around which the CAS strategy had been developed) concluded that some of these indicators needed to be revised or replaced[17] and the results matrix was adjusted accordingly. The risks[18] identified in the CAS were considered as still valid but were overshadowed by the uncertainty emanating from the crisis. The overriding risk had been, and remained, that of external shocks. Also, Governance and resistance to policy reforms from vested interests did materialize and continued to be present.

Program Performance Evaluation

24. An evaluation of program performance is provided in table 1 around the outcomes and indicators as revised in the CASPR, and based on specific detailed subprogram reviews and evaluations for each of the sectors or main areas of engagement provided in annexes 3-1 to 3-10. This evaluation is summarized below for the cross-cutting governance filter and each of the three pillars. It concluded that performance assessed up to December 2010 has been *moderately unsatisfactory*. Acceptable to good progress was achieved towards 15 of 26 outcomes, with two others partially achieved. However, in the energy sector progress was mixed, with major shortcomings with respect to the power utility SENELEC up to 2010.

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[17] They had proven not to be easily measurable or they were conceived at the time of CAS preparation when the relevant Bank operations had not yet been designed.

[18] They were: (i) governance and resistance to policy reforms from vested interests; (ii) vulnerability to political, economic, and other internal and external shocks, and volatility of donor support, and (iii) insufficient capacity to implement reforms and sustain growth.

Governance filter

25. Good progress was achieved on the governance filter. Progress was substantial in *improving efficiency and transparency in the use of public resources* particularly after the CASPR when the Bank intensified and sharpened it focus in support on PFM. Likewise, with respect to *increasing public sector accountability through decentralization, stronger institutions, and better information* the revised outcomes were achieved in terms of transferring funds for the local governments, building institutions and legal framework for and actual auditing of Government procurement, and publishing budget execution documents. Progress on the public procurement front was particularly impressive[19]. Little progress was made in *strengthening and modernizing the judicial system and mechanisms for private sector governance*. Progress in improving functioning of the justice sector has been slow. The expected outcome on contract enforcement time had not yet been achieved. More time will be needed for the impact of the recent (FY010) Economic Governance Project addressing also access to justice sector, to be felt.

Pillar 1 – Growth/Wealth Creation

26. Progress has been mixed under this pillar, ranging from quite poor in the grid electrical power subsector (SENELEC) to encouraging (agriculture, fisheries and road maintenance funding) or relatively strong in investment climate and wood fuels. With respect to *Promoting a competitive investment climate*, reforms to improve the business climate were significant in 2008-09. It is important to highlight that Senegal focused its reforms, undertaken in collaboration with IFC, in two areas: trade processes facilitation and business entry simplification. After 2009, reforms in this area stalled, mainly due to some shortcomings in the monitoring of the implementation of reforms. In fact, GoS was unable to ensure that regulatory and legal reforms are translated into concrete improvements on the ground. Indeed, Governments typically must put in place strong mechanism of supervision of reforms in order to ensure changes are implemented in practice.

27. Regarding *Building and maintaining basic infrastructure,* progress was uneven. On the one hand, great strides have been accomplished in creating the new FERA road fund for sustainable road maintenance and in increasing funding to adequate levels in the last FYs. But the targets in improving the proportion of the quality road network have not yet been achieved and the strategy for maintenance implemented during the recent years may not have been optimal. Expected outcomes on SENELEC power tariffs were not achieved and more broadly no progress whatsoever has been made to improve SENELEC's dramatic financial situation and poor overall performance. But there has been strong progress in the development and use of PPP and in rural electrification (with private concessions) allowing significantly increased access to electricity in rural Senegal.

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[19] By 2010 for example, about 60% of procurement in Bank operations could be carried out under the national procurement rules.

28. On the IFC side, the objective to set up IDA/IFC partial Credit Guarantees to *facilitate access to financial resources by SMEs* failed to materialize. However other projects have succeeded to support access to finance by SMEs: two IFC microfinance projects (Microcred and Saint Louis Finance - Fides), and four SME support programs, including (a) AMSME program to build capacity support to Ecobank Senegal; (b) Africa Leasing Facility program to improve the legal and tax framework, create awareness and foster investments to facilitate leasing as a financing alternative; (c) SME Toolkit and Business Edge; and (d) the launch of an incubator for SMEs in the ICT sector with InfoDev.

29. In contrast, with the Bank's substantial support to help *promote a modern and diversified agriculture sector* good progress has been achieved in increasing rural income and progress is well underway in rehabilitating small scale irrigation schemes in the Senegal River Valley to increase food security. Achievements towards *promoting sustainable development and management of natural resources* are mixed but are overall satisfactory. In the fisheries sector, objectives regarding reduction in the level of fishing effort on targeted species in 12 central coastal fishing communities have essentially been reached. As the key Sustainable Land Management operation (GEF) became effective only mid-2010, concrete results towards having large areas of land sustainably managed in sylvo-pastoral zones and the groundnut basin may take some time to materialize. In contrast, the targets for the establishment of sustainable community managed forests to meet 75 percent of household wood fuels needs at the national level through have been reached, and an important breakthrough was made with the Government decree to eliminate the charcoal quota system.

Pillar II - Promoting Human Development/Shared Growth

30. Overall, results in this pillar were good with most outcomes partially achieved. There has been progress in *improving the quality of and access to basic education* but more is still needed. Gender parity has already been attained at the primary level. The success rate in achieving primary level education has increased significantly but is still short of the target. There is mixed progress in *improving health services provision for women and children*. The proportion of assisted births at the national level has increased to a level close to the target. Nutrition enhancement efforts have been successful: the objective regarding the percentage of children receiving supplements has been met while the achievements for households with insecticide treated nets have exceeded targets. Senegal has also reached the MDG in the area of HIV/AIDS. With respect to *improving the protection of targeted vulnerable groups*, the objective regarding the percentage of children showing adequate weight gain has been achieved. Most targets of the successful Rapid Response Child-Focused Social Cash Transfer and Nutrition Security Project have been exceeded.

Pillar III – Maximizing Rural and Urban Synergies

31. Two main outcomes were expected with respect to *improving urban mobility and access in and out of Dakar and promoting regional centers*. The final outcome cannot yet be measured regarding the Dakar-Diamniadio Toll Highway since construction is still

underway. The intermediate outcome has been achieved – with the completion of its first two sections and start of construction of other sections. Targets for the rehabilitation of social infrastructure affected by the Casamance conflict have essentially been met, with specific targets of the Casamance Emergency Reconstruction Project met or exceeded. In contrast, progress has been slow *in reducing the vulnerability of immigrant and emigrant groups, and especially of street children in Dakar*: The expected outcome was not specifically measured but Government data show some improvement – in absolute numbers of children withdrawn from work. Impressive progress has been made on *improving the quality of life through better management of natural resources and access to water and sanitation*. The objectives in numbers of people in rural areas having gained access to sanitation and to drinking water have been respectively met and exceeded. The achievements are also impressive in urban areas where another one and half million people gained access to safe drinking water.

Regional operations

32. The CAS results matrix did not bring forward specific outcomes for the Bank's substantive portfolio of regional operations in Senegal - with six operations, most of them concentrating under the Wealth Creation Pillar[20]. A number of these are programs that are in effect transformational by nature and clearly contribute significantly to Senegal's growth. The specific development objectives of most of these operations have or are in the process of being met.

Bank Performance

33. The performance of the Bank is assessed as ***satisfactory both for the design of the CAS and for the implementation of the program***. The design of the CAS program was well aligned with Senegal's development priorities and the Government's strategy laid out in its PRSP-II. Starting with guiding principle that it was essential for Senegal to break with its history of relatively mixed results in terms of growth, equity and poverty alleviation, the program rightly stressed: (i) private sector as the driver of growth, improvement of public service delivery, (ii) inclusiveness of growth for better poverty alleviation and (iii) strengthening territorial/spatial development with a more balanced approach to territorial development. With its cross-cutting filter the program adequately emphasized the fourth PRSP pillar devoted to governance and the need to promote further decentralization and participatory mechanisms. The planned CAS assistance was selective and focused on actions where the WBG has a comparative advantage, taking into account other donor programs. It was well clustered around one cross-cutting filter and three pillars to maximize impact enhance synergy, reduce fragmentation while still providing flexibility over the CAS period. The CAS kept a significant continuity with the ongoing reform programs, while moving gradually toward a more programmatic approach. The areas of engagements were all highly relevant. It is likely that the

[20] They are: The West Africa Air Transport project (approved in February 2009); West Africa Productivity Program (approved in March 2007); Sustainable Management of Fish Resources project (approved in December 2008); OMVS Felou Hydroelectric project (approved in June 2006); Africa Emergency Locust project (approved in December 2004), and the Senegal River Basin Multi-Purpose Water Resources Development project (approved in June 2006).

selection of a broad public administration reform program would not have been supported by the authorities in the context prevailing in 2006-07, particularly given the lack of adequate prior preparatory AAA and the limited leverage of the Bank and other donors in Senegal on such a complex and sensitive undertaking. The Bank instead undertook to proceed with a more conservative approach focused on capacity building in some sectors and PFM. A more ambitious and broad approach is nevertheless worth undertaking – and possibly crucial - in the next CAS with the broad support from other donors.

34. The mix of instruments was well balanced between SILs, APLs and DPLs, plus two emergencies operations. The reliance on APLs decreased[21] as this instrument was gradually replaced by PRSCs, notably in social sectors. The three multi-sectoral DPLs resulted in important impact through strong synergies with specific parallel sector operations and solid analytical underpinning from sector operations and self-standing AAA. Two operations deserve special mention. The Public Finance DPO helped make significant progress in the critical PFM area while contributing to significant achievements in other areas. The Dakar Diamniadio toll road was a high risk-high reward, daring and innovative operation. The expected outcomes were generally realistic. In contrast, in the energy DPO covering the power sector, the governance risks and the political risks around SENELEC were underestimated and was an outlier despite the unsatisfactory rating of the Bank engagement in that area (Outcome 3) in the previous CAS.

35. The choice of outcome indicators for the results matrix was not entirely adequate: 10 of those were revised at the CASPR and for this CASCR not all indicators of the revised matrix could be measured properly either. The CAS report was correct in identifying risks – particularly Senegal's vulnerability to shocks, governance and administrative capacity risks. The approaches to mitigate the last two risks appear to have been chosen correctly: giving more attention to the capacity issue by consolidating the CAS strategy toward local communities and providing direct support to key sectors such as education, health, and governance – as a core CAS area of intervention.

36. The CAS program was more realistic than the Government PRSP-II in terms of GDP growth. The fact that the high PRSP growth targets and poverty reduction objectives were not achieved is not a negative indicator of the quality of the CAS program and performance of the Bank, but a reflection of the magnitude of the shocks Senegal had to face, and to a lesser extent the appetite for and wavering commitment of the Government for reforms during the CAS period (and the previous one considering time lags). The failure to generate more formal jobs reflects not only the lack of strong economic progress resulting from the repeated shocks since 2006, but also the lack of transformational changes in the economy and lack of spatial integration, predating this CAS. A strong drive for spatial integration and deeper/more comprehensive analysis and concern for all factors of competitiveness of the Senegalese economy should probably have been forcefully integrated in the Bank's programs much before 2006.

[21] From 45 percent of the portfolio in FY06 to 40 percent by FY011

37. During this CAS the Bank was particularly proactive in adjusting the program to changing country circumstances and priorities and leveraging financial resources beyond the country allocation through partnerships and donor coordination. As shown by the PFSC and the other operations prepared and approved during 2008-2009, the Bank was particularly responsive in helping Senegal deal with the challenging circumstances and mitigate the effects of the risks with the successive shocks materialized. Overall the Bank has acted in Senegal in a balanced manner in addressing the critical short-term crisis concerns while maintaining a focus on promoting long-term accelerated and shared growth.

38. The Bank's teams and management paid strong attention to the implementation of the operations as shown by the quality of portfolio: only one project[22] was rated U for DPO/IP by January 1, 2011. The failure in the electricity sector does not at all reflect insufficient attention during implementation. Overall supervision of execution of the program was strengthened further through continued decentralization of implementation the Dakar office. Concern for effectiveness and focus on development outcomes is illustrated and well documented in the detailed annexes. Seven out of the 29 non DPL operations under implementation during the CAS period were restructured. However M&E was weak in a number of operations and special efforts to correct this were undertaken with the 2009 CPPR. Although the CAS progress report did not capture well the changes of some of the outcomes, the CAS had a results framework that was instrumental in assessing its achievements during the CAS period.

39. It is too early to assess the impact of most knowledge based activities on the dialogue and business relations with the authorities, such as the PER and hospital subsector TA. The Bank and other donors continuously devoted efforts to discussing the PRSPs (including the draft PRSP-III) and PRSP progress reports with the authorities, but one still notice a certain disconnect between the PRSP and the authorities annual budget laws and important parts of the Government investment programs. Dialogue with the Government on issues requiring increasingly forceful decisions may have been less productive than hoped for, but was in some instances later facilitated, when Senegal became confronted with successive shocks.

40. As shown by the substantial co-financing mobilized on about half of the CAS operations, the Bank has been successful in leveraging assistance from other donors. Efforts were particularly dedicated to increase donor coordination in budget support and PFM. However the perception of the donors and of the population during the last CAS years was that the Bank had become less vocal and clear in expressing tough messages and reservations about some Government controversial actions or lack forceful correctives measure when needed. The Bank used a subdued approach, favoring a dialogue with Government on the strengthening of institutions of control and PFM. It is not clear if this change of tack has been more beneficial in terms of long term development impact.

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[22] The PIPP (US$34 million) in a portfolio of 24 operations with total commitments of US$765 million – after advanced closing of the Electricity Sector APL and the Energy Sector DPL on December 31, 2010.

Lessons learned and suggestions for new CPS

41. First, long term involvement in one area – spanning two to three CAS periods - and substantial partner support by Bank, plus a strong Government commitment and incentives for changes are key elements to have deep and long lasting development (specially transformational) impact in such areas (for example water, urban, transport, PFM, procurement). This argues in favor of the Bank pursuing its engagement in a number of areas where much remains to be done. Even more so, since the Bank is generally perceived as an "honest broker," many donors are more willing to engage in a sector when the Bank is involved: this can also increase leverage for change.

42. Second, for the sake of realism and efficiency in designing and later in implementing a program, the Bank should constantly keep in mind that "what the government needs to do" may partly (or even very much) differ from "what the government can do, is ready to do and is fully committed to do." This has been illustrated with parts of the PPP-supported program and with the lack of success with SENELEC rehabilitation. During implementation the Bank needs to learn to take tough decisions on difficult projects by taking adequate remedies (cancellation or refusal to extend closing dates).

43. Third, budget support has been an effective tool to mobilize the entire Government on cross-cutting issues. The case of the road maintenance fund FERA, the sustainable management of fisheries, public hospitals, and the control of loss-making autonomous agencies demonstrated increased mobilization and greater involvement of the line ministries and smoother relation between the Ministry of finances and line ministries. But successful DPOs need to be underpinned by very solid analytical work and for multi-sectoral DPOs synergies with sector SIL/TA operations significantly increase their impact. A combination of several instruments is advisable and is warranted in strategically selected areas of intervention.

44. Fourth, attention should be paid to the quality of outcome indicators at the outset, making sure that these indicators are relevant to the objectives, and that they can be measured at every step of implementation. It is crucial to align closely performance indicators for the PRSCs and other operations with those for the PRSP and the CAS.

45. Based on current trends, Senegal is likely to reach its goals in universal primary education, the fight against HIV/AIDS, and the urban water sub-sector. However, it will not reach its MDGs with respect to eradicating extreme poverty, fighting malaria, and reducing infant and maternal mortality. Senegal faces the insidious risk of stalled growth – where growth stalls at around the still high rate of population growth. A higher growth rate of 7 percent and beyond will be necessary to reach the MDGs, particularly to reduce substantially poverty. Such growth will need to be driven even more now by broadening private sector activity. Fostering strong growth will require sustained transformational changes in the economy.

46. For the next CAS, a guiding Bank principle should be to continue to be or become engaged where there is potential for transformative change and Bank interventions can

have demonstration effects that trigger greater change. Given the vulnerability of Senegal to shocks, flexibility and responsiveness will continue to be needed to assist Senegal when it is actually faced with renewed shocks. The Bank engagements in many areas will be needed that address immediate issues but at the same time tackle long-standing structural problem.

47. Reducing Senegal's vulnerability will be paramount. A comprehensive set of effective safety nets and coherent targeting mechanism will be needed to better protect vulnerable groups. Broader analytical work on Senegal's competitiveness would be appropriate to determine additional initiatives to accelerate Senegal's economic growth. Most areas of current engagement deserve continuing support with possibly less concentration of infrastructure than in the current CAS. Areas of support in the next CPS could include (i) leveraging agribusiness potential, (ii) consolidating reforms in energy, (iii) strengthening territorial management and spatial integration by promoting development along corridors, and (iv) social sectors. More attention could be given to population growth issues and to an all-across the board modernization of the administration.

Table 1. Summary of CAS Program Self-evaluation			
CAS Outcomes and Outcomes indicators[23]	***Status and Evaluation Summary***	***Lending and Non-lending activities that contributed to the outcome***	***Lessons and Suggestions for new CAS***
Filter: Mainstreaming governance			
Greater efficiency and transparency in the use of public resources			
Outcome 1: Carry-over (*reports de crédit*) from previous years = 5 percent at end FY10 (as a percent of total current year budget).	Achieved: PFSC prior action included *adoption of decree on the budget-closing schedule that strictly limits carry-overs to no more than 5 percent of current year appropriations*. Supplemental Budget adopted for FY 2009 reflecting new carry-over rules. Rule followed for FY2010.	***Lending*** PRSC-III: Approved 6/20/2007, closed 12/31/2007. Multisectoral. Outcome rated MS and Bank performance MS (ICR and IEG evaluation) Achievements of PRSCI-III substantial in budget preparation, execution and decentralization but modest in transparency. PFSC- Public Finance Support Credit: Approved 6/29/2009, closed 3/31/2010. Stand alone DPO prepared on an emergency basis under Financial Crisis Response Fast-track Facility. Main focus: restoring budgetary discipline and avoiding a recurrence of fiscal slippages by accelerating PFM reforms, and increasing	With the PFSC the Bank responded swiftly to the Senegal's urgent financial needs in a difficult 2008-2009 juncture with a stand-alone operation designed around a core set of critical actions focused on PFM issues. Its other priority areas than PFM (see other Pillars) were consistent with PRSP strategy and complementary to other Bank/other donors operations.
Outcome 2: ASTER-based statements available 30 days after the end of the month.	Achieved: PFSC prior actions included *making the new accounting system (ASTER) functional in all the centralizing accounting stations, as evidenced by the production of a monthly balance of the Treasury on ASTER*. Consolidated public accounts started to be prepared for February 2009. They are now available within 30 days (actually in 7 days by end of 2010).		

[23] Indicators as formulated in the CASPR: some were reformulated. In *italics*, selected intermediate outcomes or new, additional outcomes.

Outcome 3: Delays in submitting annual public accounts to the Audit office *Cour des Comptes* (in years following end of fiscal year): less than one year at end-FY10. *Intermediate original outcome 1 CAS:* *MTEFs in 8 ministries end 08* *Continuing progress in PFM*	Achieved: First, PFSC prior actions included *Submission of Public accounts prepared for 2006 submitted to the Audit Office (*hampered until then by late filing by the Treasury). Thereafter, authorities continued to speed up transmission of budget execution laws and public accounts to Audit office. PRSCIV prior condition included *Submission to the Audit Office of the execution laws up to 2008 and submission to the Parliament of the execution laws reviewed by the Audit office from 1999 to 2002*. By 2010, the Ministry of Finance had submitted to the Audit Court the draft budget execution law up to 2009 (PRSC V trigger). Programmatic budgeting has been significantly extended: MTEFs prepared by 14 ministries (representing 58.9% of 2010 budget) but they were still only annexes of budget law. Coverage of the MTEF expanded further to 21 ministries during preparation of the 2011 budget. In 2011 the authorities are pursuing with vigor the comprehensive PFM action plan adopted in October 2009 to modernize further the budgetary framework following the new WAEMU Directives. Further Bank support provided under follow-up PRSC V (emphasis on improving further transparency in budget execution)	transparency, with actions on budget preparation, execution, systems, transparency, controls, and procurement. Outcome rated S and Bank performance S (ICR). Significant achievements in advancing PFM and restoring budget discipline. PRSC IV: Approved 6/01/2010, closed 3/31/2011. First of new series of 2 DPOs. Multisectoral. Economic governance component with a focus on PFM, procurement, debt management and statistics: PFM objectives: lay legal foundations for a multi-year performance based budgeting; improve financial oversight and transparency of autonomous agencies/other public entities, improve transparency of budget execution, pursue the budget deconcentration, improve management of wage bill and state land property, and strengthen external control of budget. No ICR/ISR yet but progress (10 prior conditions plus triggers for next DPO) considered satisfactory to launch and approve PRSC V in May 2011. ***AAA*** -MDTF (Multi-donor TF) for PFM reform support. Signed 6/18/2004 –closed 11/30/09 - PEFA 2007[24] (EU funded) - PER: Senegal Programmatic Public Finance Review (PPFR): multi-year programmatic series of public revenue and expenditure reviews over FY10-0FY12, covering inter alia PFM and decentralization.	PRSCIII, PFSC and IV built on extensive and solid analytical/fiduciary work done by the Bank in support the PRSP and for other operations in several sectors. The DPOs allowed steady but continuing progress in long haul governance reform (a slow process particularly in Senegal context). Each of the three successive DPOs reinforced/expanded reforms started under the previous ones, including PRSC-I and II. PRSC V follows up on several areas including public governance.

[24] Underpinnings to the PFM were also provided by the 2002 CFAA and the 2003 CPAR plus IMF Fiscal Affairs Department Technical Assistance reports on PFM.

Increasing public sector accountability through decentralization, stronger institutions, and better information			
<u>Outcome 4:</u> longest delay in transferring FECL and FDD not to exceed 3 months in FY10 (from beginning of fiscal year)	Achieved: PRSC III prior actions included *Adoption of necessary texts for the rationalization of FDD/FECL transfers to Local Governments.* PFSC prior conditions included *transfer of budgetary appropriations for FDD/FECL to local communities for FY 09 by the MEF*. The yearly act transferring FDD resources has been notified before end of March 2010. PDLP and LADP indicators show good progress achieved on the institutional front/ capacity building for local government (municipalities as well as rural communities), but less on transfer of resources (amounts) to local government. Reform of local fiscality still lagging. The original outcome 3 indicators (FECL/FDD annual transfer as a % of total central Government spending) were dropped. Still an outcome indicator for PLDP - cumulated transfers from FECL and FDD - the more modest FCFA 21.3 billion end of project target had been reached by October 2010.	***<u>Lending</u>*** <u>PRSC III and PFSC</u> <u>PDLP - Participatory Local Development Program</u> Approved 4/27/2006, closing 8/31/2011. Contributes to country wide program (covering all 430 local governments) in setting up effective framework for participatory local development, decentralization, resource mobilization and transfer to local governments and communities, to deliver services in rural areas and targeted poorest cities. PDO and IP (ISR) rated MS. <u>LADP - Local Authorities Development Program</u> Approved 7/18/2006, closing 12/31/2011. Urban sector SIL covering Greater Dakar and 57 other large municipalities. Aiming at (i) strengthening capacity of urban municipalities to improve resource mobilization, and municipal and urban management; and (ii) increasing access to/quality of public infrastructure and services in urban areas (with municipal contracts).	The Bank's long experience Senegal's decentralization program,, its global experience and in the region, the large amount of funding required and leveraging capacity with other donors have been key elements of success for both local/ urban development operations. In the framework of the National Local Development Program the Bank has with the PLDP led harmonized donor support to a new national SWAP-type CDD Program. In the urban sector further Bank support was key to secure the impetus of the reform program and ensure the synergy between external partners It is unlikely that any other donor would have been able to lead such reform program.

Outcome 5: Independent audit of all Government procurement transactions to be carried out by ARMP (Procurement Regulatory Agency) - on annual basis for preceding year	Achieved: Government had an audit of procurement transactions in 09 carried out with support of PIPP. It uncovered a number of significant irregularities. ARMP cancelled over 20 procurement cases not in abeyance with procurement code. Procurement regulatory and institutional framework and capacity management have considerably improved with the long-standing program of support by the Bank (DPOs and other operations). A new Procurement Law was adopted in 2006 which complies with the WAEMU's Procurement Directives and a new procurement code was approved by the Government in April 2007. A Public Procurement Regulatory Authority, *Agence de Régulation des Marchés Publics* (ARMP), an autonomous and independent structure, was created and is operational. The National Procurement Department (DCMP) was set up to ensure appropriate internal controls of procurement transactions handled by the contracting authorities. Quality of Senegal National Procurement System got 2.46 score on 3 (max) according to 2008 OECD/DAC assessment. Percentage of total sole source contracts reduced from 80% in 2006 to 14% in 2009. PRSC III prior actions included: *Adoption of the legal instruments needed for implementation of the new Procurement Code and the institutional framework*. PFSC prior actions included: *Adoption of the national standard bidding documents by ARMP and making their use compulsory (Procurement Code, NSBDs and GCCs, Procurement Units) to address the remaining issues identified in the UCS-stage 1 report*. (PRSC- IV: one of the prior actions reiterated that PFSC actions):	***Lending*** PIPP - Private Investment Promotion Project Multi-sector operation. Approved on 5/20/2003; closing 12/31/2011. Aims to create conditions to stimulate a sustained increase in private investment through an improved investment climate, greater private participation in economic activities, and policy and sector reforms. It provided support for capacity building, technical assistance and IT required to set up the ARMP. PDO and IP (ISR) rated MU. PRSC III and PFSC PRSC-IV: Its objectives also included to ensure sustainability of procurement legal and institutional framework and uphold the integrity of the system. EGP - Economic Governance project: Approved on 3/12/2010; closing 6/30/2015. Focusing primarily on better access to justice (support to the national justice sector program) and improved economic governance. It will strengthen the effectiveness of the Investigation Unit of the ARMP. PDO and IP (ISR) rated S. ***AAA*** In context of a Use of Country Systems program, the Bank team carried out a comprehensive assessment was under the 2008 OECD/DAC methodology. It concluded that persisting issues remain to be dealt with in order to benefit from the new procurement legal and regulatory framework.	Government made substantial progress in modernization of National Procurement System (NPS), thanks to major and steady financial and TA support from the Bank through a wide array of operations. UCS-stage 1 report raised remaining issues. Strong political commitment still required to address those. Financial autonomy of ARMP could be at risk without strict application and collection of regulatory fees. EGP will be key operation implemented under next CAS. Specific follow-up of NSP modernization is advisable under next CAS.

Outcome 6: Publish monthly budget execution reports (*situation d'exécution budgétaire*) from SIGFIP on the Web site of the Ministry of Economy and Finance (MEF) in less than 60 days by end FY10.	Achieved: PFSC prior conditions included *making the new accounting system (ASTER) functional in all the centralizing accounting stations, as evidenced by the production of a monthly balance of the Treasury on ASTER.* Consolidated public accounts (monthly execution tables) started to be prepared February 2009. PRSC-V prior conditions included *Instruction by the Ministry of Economy and Finance mandating the publication on its website of budget execution tables on a monthly basis and a budget execution report on a quarterly basis within 30 days of the end of the relevant period, so as to enhance transparency in budget execution* They are now available within 30 days.	***Lending*** PFSC, PRSC IV	
Other new outcomes in Governance - ***Mitigating fiscal risks from*** *autonomous agencies and other public* ***sector entities; i****mproving their financial oversight and transparency of the.* *- To improve the state land property management*	PFSC prior conditions included *submission to parliament of a law improving the framework for the creation, operation and eventual closure of public sector agencies and preparation of the implementing regulations* PRSC-IV prior condition included *issuance by the Prime Minister of implementing regulations allowing the examination of the approved budgets and of the previous year's financial reports of public entities*. PRSC-IV prior condition included *adoption through an Arrêté of the Minister of Economy and Finance of a new organigram for the Tax Directorate, including the Cadastre and Domaines departments*.	PFSC, PRSC IV	
Strengthening and modernizing the judicial system and mechanism for private sector governance			
Outcome 7: Improve the Doing Business indicator on enforcement of contracts	Not achieved. As of 2011, enforcement of contracts instead took 780 days! The Economic Governance Project starts from that baseline and	***Lending*** PIPP Component 1 - Improving the Investment	Lessons learned from the PASC and PIPP have shown the critical importance of

from 485 days in 2005 to less than 300 days (or reduce number of procedures from 33 in 2005 to less than 25 in 2010).	targets a reduction to 365 days by 2014. Progress in improving functioning of the justice sector has been slow. Under the PIPP a sector expenditure program for justice had been prepared and a sector reform program (*Programme Sectoriel Justice* PSJ) adopted (2004). Activities financed under PIPP included the establishment of a Center for Arbitration, Mediation, and Conciliation, which, as of mid-2008, has arbitrated 26 commercial disputes, including a case of a commercial dispute worth over US$60 million in contracts.	Climate included legal and judicial reform. Last ISR rated that Investment Climate component S. <u>EGP</u> The objective of this very recent project is to improve aspects of the functioning of the justice sector relevant to the investment climate. Key expected outcomes: enhanced effectiveness of justice (number of cases judged and speed at which they are judged); improved investment climate (number of commercial cases being enforced and reduction in time to enforce these contracts) and strengthened CEDAF (the implementing unit of the PSJ) as measured by its IS0 9001 quality management certification.	implementing legal reforms with the full involvement of the Justice Ministry. The EGP compliments many initiatives by other donors, was based on extensive consultations and will use a single fiduciary and reporting system for the full PSJ, as CEDAF's capacity is being developed.
Pillar I: growth / wealth creation			
Promoting a competitive investment climate			
<u>*Outcome 1*</u>: Reduce by 30 percent the time and cost to (i) register a business and (ii) register a property by FY10 <u>*Intermediate outcome*</u> *Reduce the number of days to registering a business to less than 10 by end-2010 and number of days to registering a property to less than 120*	Achieved. As of 2010, the number of days to register cut down from 58 to 8 with the creation of one-stop shop for registration. The number of days to register a property was still 220 days in 2009 but according to the Government's October 2010 PRSP II Implementation Completion & Diagnosis Report (ICDR), it has dropped to 17 days. Both components of the outcome were covered by PIPP prior actions under reduction of administrative barriers. Regarding other aspects of the investment climate, the results are also encouraging (despite the low PIPP rating): Senegal ranked 146 of 181 countries but still best reformer in Africa in 2009 DB. It registered a slight decline to 152 in 2011 DB. APIX (investment promotion agency) has been charged by Government with programming reforms	<u>***Lending***</u> <u>PIPP</u> Overall progress towards DPO and IP of PIPP rated MU in last ISR. Project was restructured mid 2010 to focus more on investments climate. Except for activities carried out by APIX, activities of other beneficiaries were disappointing. APIX workload on other activities increased excessively. Project was also suspended for some time for fiduciary problems with the original PIU (it was closed with the restructuring). <u>PSAC – Private Sector Adjustment Credit</u>	PIPP was a complex and ambitious project Despite significant progress in improving investment climate so far, additional steps need to taken (including on corruption). EGP will support some in the judiciary. More should be done under next CAS.

days at end-2010 <u>*Other (new) outcomes in improving investment climate:*</u> *Reducing time for obtaining building permit*	to ensure Senegal would stay among top Africa reformers. PRSC-IV prior conditions included adoption by the Ministry of Urbanism of new procedures for issuing a building permit, so as to reduce the time and cost involved in securing a building permit. The creation of a one-stop shop for the issuance of building permits in Dakar was adopted by the Investment Presidential Council, and the one-stop shop was created in November 2010. The Government launched the computerization of the procedures. According to the ICDR, the number of days needed has dropped to 24-40 days.	Four tranche DPO. Approved 5/05/2003, closed 1/31/2009, extended 3 times; last tranche (pension reform) cancelled. Objectives on some investments climate actions (eliminate tax induced distortions) achieved. Objectives on some other actions (including edible oil sector reform, pension schemes) not achieved. ICR rated outcome as U, Bank performance MS, and borrower performance U. Failure of some PSAC components due to loss of reform champions and lack of transfer of funds by Government to intended institutions <u>PRSC IV, EGP</u> ***<u>AAA</u>*** <u>PSD/FIAS/PEP TA</u> <u>Investment Climate Assessment</u> (2009)	Two lessons from the PSAC: (i) to pursue an ambitious reform program it is imperative to look into the political economy aspects. Preparation of the country owned strategies or statements should not be misread as readiness for politically difficult reforms; (ii) the Bank needs to know when to cut its losses. Despite better climate, private investment and formal employment creation, and "formalization" of informal sector have remained disappointing. Better knowledge (AAA) of constraints and of Senegal's competitiveness at large is needed to underpin future DPOs.
Building and maintaining basic infrastructure for growth			
<u>Outcome 2</u>**:** Improve the quality of the core road network (paved roads) in targeted areas by increasing the proportion of roads rated bad to fair by 40 % and from fair condition to good by 25 %.	Not achieved. AGEROUTE data (in the absence of a comprehensive survey of the network since 2006) indicates that between 2005 and 2009 the percentage increased 55% to 61% for paved roads and 60% to 64% gravel roads. But according to new model of rehabilitation and development of road network used in the PER, the results would be lower: or 56% instead of 61% for paved roads and 19% instead of 64% for gravel roads, resulting in an aggregate value of approximately 30% compared with the African average of 70%.	***<u>Lending</u>*****:** <u>PST2 - Transport sector project 2</u> Approved 3/30/1999, closed 12/31/2007. Contributed to the creation of the autonomous road agency (AATR– later AGEROUTE). Studies under project diagnosed roads maintenance backlog and institutional problems, recommending creation of 2nd generation road fund (FERA). Outcome and Bank performance rated S	The Bank has continued playing a leading role vis-à-vis other donors supporting the inter-urban and urban transport sectors, including road maintenance and rehabilitation. Activities in the sector have been tightly coordinated under strong partnership.

Intermediate outcome *The 2nd Generation Road Fund reaches at least CFAF 20 billion and funds are 80 percent committed by end 2008*.	2010 PER suggest that the strategy of road network maintenance implemented during the recent years may not have been the most appropriate. Achieved by 2009/2010. New Road Fund (FERA) created and operational, and increasingly funded directly by user charges (part of fuel taxes). PFSC prior conditions included *adoption by the Council of Ministers of the decree creating FERA; adoption of the decree creating the road user charge; appointment of FERA's administrator; opening of FERA's account at the central bank, and transfer to this account of proceeds from the road user charges through the adoption by the COM of a supplemental budget for FY 2009*. PRSC-IV prior conditions included *inclusion of a CFAF45 billion appropriation for road maintenance in the 2010 Finance Law*. AGEROUTE actually carried out CFAF 12.7 and 26.3 billion of maintenance works respectively in 2008 and 2009. In 2009, the user charges actually collected for FERA reached CFAF 11 billion (versus an estimated 16 billion) and the BCI (budget) allocated 37 billion of which 20 billion were disbursed. In 2010 the actual amounts were respectively CFAF 12.3 billion and 13 billion.	(ICR). TUMP – Transport and Urban Mobility Approved 6/01/2010, closed 9/30/2014. Its objectives are: (i) to improve effective road management and maintenance, at national level and in urban areas; and (ii) to improve public urban transport in the Greater Dakar Area. It includes strengthening of road management and maintenance institutions and investments in rural and interurban road upgrading. First ICR rated progress to DPO and IP as S. PFSC and PRSC IV Supported building up the funding of the FERA with the user charges. ***AAA:*** PER – Transport 2010	Significant synergies were achieved between the transport sector operations and the DPOs – in helping to put road maintenance on a sustainable basis with the creation and operationalization of the FERA. Momentum achieved in building-up new road maintenance institutional set-up and funding should be pursued/improved and supported under next DPOs (PRSC-V)
Outcome 3: New electricity tariff structure prepared by CSRE.	Not achieved, like the higher level country goal to ensure adequate power supply, at the required quality and cost levels, notwithstanding the 2 major recent Bank operations. The financial restructuring of SENELEC was not achieved and its financial situation remains precarious. Its operational performance improved little. The gap	***Lending:*** Electricity Sector Efficiency Enhancement Program 1 (APL) Approved 5/17/2005, closed	The lessons learned with the other DPOs, particularly the PSAC apply also to the unsatisfactory progress of

Intermediate outcome *New tariff adjustment formula has been prepared by June 2008.*	between power demand and supply will remain significant until new generation capacity being built or planned (partly with IFC and other donors' support) comes on stream. In the meantime, the population and economy at large are continuing to suffer from power cuts and load shedding. Achieved. Adjustment was done in 2008 but insufficient to reach financial targets for SENELEC. A 2nd review of tariffs mechanisms was completed in May 2010, but found inadequate in view of SENELEC and sector context. It is expected to be revised in 2011. By end of 2010, under new Minister of Energy a new major restructuring and recovery plan was prepared with a 2011-2014 electricity emergency plan, to be partly financed by a new Energy Sector Support Fund. The Bank thus intended to reallocate the 2nd tranche (cancelled) of Energy Sector DPO to PRSC V on the basis of robust energy related prior actions.	12/31/2010. Aimed at supporting key investments in the energy sector, to increase the level and the quality of energy services and reduce their costs to the economy and the population, and private investment and commercial financing in the electricity and petroleum subsectors. The last ISR rated progress on DPO MS and IP MU. Only 3 of the 9 DO objectives fully achieved. Implementation of the rehabilitation component did not start and 62% of the credit was cancelled. <u>Energy Sector Recovery Dev. Credit</u> Approved 6/12/2008, closed 12/31/2010. This 2 tranche DPO aimed at (i) restoring the financial viability and sustainability of both electricity and hydrocarbon sub-sectors; (ii) improving the governance of both sub-sectors; (iii) ensuring the long term development of the overall energy sector. The last ISR rated progress on DPO and IP MU. Progress on outcome indicators was mixed, but particularly poor regarding the financial situation/performance of SENELEC. Few conditions met for release of 2nd tranche, which was cancelled end 2010 and credit closed. <u>IFC Kounoune I</u> <u>Felou Second Hydroelectric Project (APL)</u> Approved 8/27/2009, closing 6/30/2013. Additional financing for Felou HEP plant. Progress on DPO and IP rated S (ISR). <u>Electricity Services for Rural Areas–APL1 + GEF</u>. Approved 9/09/2004, closing 12/31/2012. Aims to increase the access of the Senegal's rural	reforms of the electricity sector. In this case, the problems of governance have been acute over an extended period of time, as well at the higher levels of the sector as in the power utility itself. The Bank was probably too optimistic and underestimated the extent and impact of those governance problems. Regarding PPPs sustained commitment and a combined effort by the Bank Group is beneficial given the long-term nature and risks of private sector contracts, with IPPs, the financing requirements, and the sector issues to be resolved. For RE programs the Bank has been able to disseminate successful approaches to resolve

Outcome 4: Increase number of households with electricity by 30,000 in rural areas, by FY10.	Achieved. As of December 2010: number expected to exceed 16,000 in World Bank project concessions and at least as much in concessions financed by other donors (13,000 with the AfDB concession).	population to modern energy services and to ensure the environmental and social sustainability of woodfuels. It builds capacity for rural electrification (RE) project management and includes investment in and management of concessions with Output Based Aid financing. Progress on DPO rated MS and IP rated MU (ISR).	access issues. The Bank's presence provides private sector investors and operators needed comfort to invest in the new rural market.
Facilitating access to financial resources by SMEs			
Outcome 5: Increase number of IDA/IFC partial Credit Guarantees to SMEs by 20-25 percent by 2010.	Not achieved. Very limited progress partly due to the fact that the PIPP project was suspended for a good part of 2008, due to fiduciary problems. With the restructuring of the project mid 2010 the legal covenant to finance a joint IDA/IFC risk-sharing facility was restated to enable financing the TA and for providing partial guarantee for a portfolio of loans to participating commercial banks meeting criteria of Risk-sharing Framework Agreement. New arrangements to work with matching grants for TA. Outcome indicators reformulated to 25 guarantees by end of PIPP project.	***Lending***: PIPP IDA/IFC Access to finance project	
Promoting a modern and diversified agriculture sector			

Outcome 6: Increase volume of non-traditional exports to 25,000 tons by FY10 from 18,000 tons in 2005. *Revised outcome for restructured PDMAS* *(i) Non-traditional agriculture exports in project areas to reach 12,000 tons by EOP; (ii) local production of onions to cover 75% of domestic consumption; (iii) local production of bananas to cover 50% of domestic consumption.* Outcome 7: 2,500 hectares of irrigated land developed *New outcome- PSAOP2:* *(i) At least 80 percent of producers satisfied with the services contracted; (ii) At least 50 percent of producers members of POs participating in PSAOP1 adopted at least one innovation/integrated it*	Achieved. 24,000 tons of fruits/vegetables were exported in 2009; and the estimate for 2010 was 26,400 tons. PDMAS restructured in 2010 with addition of Additional Financing for Food Security Project, the project objectives were partly revised. Targets on the way of being achieved: (i) (3050 tons (by August 2009), (ii) 63% and (iii) 60% (by September 2010).	***Lending***: PDMAS 1 - Agricultural Markets and Agribusiness Development APL Approved 2/28/2006, closing 12/31/2012. Aims to increase non-traditional agricultural exports and farm revenues for project producers by upgrading irrigation and market infrastructures, building public and private sectors' capacities for competitiveness, and making irrigated agriculture more productive. Progress on DPO and IP rated S. Additional Financing for Food Security Project funded under Global Food Crisis Response Program (GFRP) to complement PDMAS. Approved 5/10/2010, closing 12/31/2012. Aims to increase rice production in support of the National Program for Rice Self-sufficiency (PNAR) through the rehabilitation of small scale irrigation schemes in the Senegal River valley; and promotion of intensive rice production. PSAOP2 - Agricultural Services and Producer Organizations 2 APL phase 2 Approved 6/05/2010, closing 12/31/2012. Aims to increase smallholder producers' access to sustainable and diversified agricultural services and innovations, to diversify and/or stabilize their productions and increase their food security. Progress on DPO and IP rated S (ISR). WAAP - West Africa Agricultural Productivity Program (Regional) Approved 3/29/2007, closing 6/31/2012. Aims generate and disseminate improved technologies in top priority areas identified by Central Africa Counsel for Agricultural	The Bank has led the policy dialogue on the agricultural sector since the 1990s and has a comparative advantage with this long-term involvement and with its steady support to the first phases of several key programs. With this operation the Bank demonstrated its capacity to provide a quick response to the impact of the food crisis in Senegal. Senegal is well positioned to compete in a large number of high-value products, but the weakness of market infrastructure is a major constraint limiting the country's agricultural export potential. A bottom-up inclusive approach rather than a top-down approach is key to building capacity and

into their production system; (iii) Food security increased for at least 60 percent of producers supported by the project.	Not achieved yet. But second related PDMAS outcome – 2500 ha under irrigation/improved - partly achieved: 1544 ha expected by end 2009. Basically achieved: as of July 2010: (i) 80% (9724 POs out of 12155 participating POs); (ii) 90% achieved (45% versus target of 50%): and (iii) 103% achieved with food security increased for 7536 POs out of 12,155.	Research (CORAF): cereals in Senegal. .Progress on DPO rated S and IP rated MS (ISR)	assuring sustainability.
Promoting sustainable development and management of natural resources			
Outcome 8: Reduction in the level of fishing effort on targeted species in 12 central coastal fishing communities *Intermediate outcome: At the national level, the overall size of the small-scale fishing fleet targeting coastal fisheries is frozen by 2010* *New outcome PRSC IV: To improve transparency on access restriction policy to fisheries resources (policy*	Partly achieved and about to fully achieved. The fishing effort has been reduced on targeted species in 4 central coastal fishing communities as a result of the GIRMaC and is on track to be reduced in 8 more communities through the GDRH. These 8 communities are currently preparing their co-management initiatives, which will reduce the fishing effort on targeted species Partly achieved and about to fully achieved. The initial registration was almost 100% complete by January 2011, and Government is preparing the Ministerial Decree to freeze further registration. This should be completed by mid-2011. Achieving this outcome is a significant since the small-scale fleet to be frozen is roughly 1/3 larger than originally thought. PRSC IV included as prior action *disclosure by the Ministry of Fisheries of existing fishing agreements (or assimilated contracts) on a government website*	***Lending***: Integrated Marine and Resources Management – GIRMaC Approved 1/11/2004, closing 12/01/2011. Aims to increase the sustainable management of marine and coastal resources in three pilot areas by communities and the Government. Progress on DPO and IP rated S (ISR). Sustainable Management of Fish Resources Project (IDA+GEF) – GDRH Approved 12/16/2008, closing 3/31/2012. Aims to empower communities to reduce fishing pressure on the fish stocks supporting the central coastal fisheries of Senegal by (i) promoting co-management of the coastal fisheries, (ii) contributing to the rehabilitation of the essential ecosystems for the coastal fisheries, and (iii) supporting alternative livelihoods and accompanying poverty reduction measures in targeted poor fishing communities. Progress on DPO and IP rated S.	The Bank's strong convening power (in bringing together stakeholders from local and national levels) has been key in reaching consensus for resolving competing demands on the fish resources. Bank's supported pilots had a powerful demonstration effect, which has helped drive policy. The Bank has also tailored instruments to support policy reforms and has incorporated the reforms supported by the investment portfolio as PRSC triggers The ongoing strategies and investments should be

to limit fishing activities and control access to fishing resources).	The portfolio of Bank operations strongly supports implementation of the Government's 2008 Fisheries Letter of Sector Policy (LSP). A major transformation of the sector is underway and should be achieved through those major governance reforms laid out in the LSP (to close access to the resources, freeze the small-scale fleet and reduce the industrial trawl fleet, and create and allocate secure rights to the coastal fisheries resources)..	West Africa Regional Fisheries Program APL Approved 11/20/2009, closing 12/15/2014. Aims to strengthen the capacity of Senegal to govern and manage targeted fisheries, reduce illegal fishing and increase local value added to fish products Progress on DPO and IP rated S. PRSC IV ***AAA*** Country Environment Assessment 2008 Policy Notes Letter of Sector Policy 2008	reinforced and pursued under the new CAS in order to improve the wealth creation from the sector for the country. The objectives of the AGS/SCA will not be achieved without progress in the fisheries sector.
Outcome 9: 100,000 ha of land sustainably managed in priority areas, like sylvo-pastoral zones and the groundnut basin	Not yet achieved. SLM GEF became only effective mid 2010 and implementation barely starting	***Lending*** PSAOP SLM - Sustainable Land Management GEF -supplemental to PSAOP Approved 8/25/2009, closing 6/30/2012. Effective 3/05/2010. Project performance of the project rated S (ISR). ***AAA*** Country Environmental Analysis completed FY08	

<u>Outcome 10:</u> Meet ¾ of household wood fuels needs at the national level through the establishment of sustainable community managed forests *<u>Intermediate outcome</u>* *Establish sustainable community forest mgmt. on 262,000 ha with supplying capacity of 256,000 tons per year of sustainable wood fuels by end 2007*	Achieved: 267,000 hectares of sustainable community managed forests have been established between 2005 and 2007. These areas can meet 100 percent of needs at national level. Achieved with 267,000 ha established by 2007 and an estimated 400,000 ha in 2009. Regarding by the persistence of an outdated charcoal quota system undermining the sector, a breakthrough in the sector was achieved with the prior action of PFSC: *the Minister of environment issued an ordinance in 2009 eliminating the charcoal quota system and allowing charcoal production only in managed zones.*	***<u>Lending</u>*** <u>Electricity Services for Rural Areas</u> Its Biomass component following up on PROGEDE 1 was closed in 12/2009 with most results exceeding objectives – as one African success story. <u>PROGEDE II</u>. Approved 6/24/2010, closing 11/30/2016. Aims to contribute to increase the availability of diversified household fuels in a sustainable and gender equitable way, and to contribute to increase the income of participating communities while preserving the forest ecosystems. Progress on DPO rated MS and IP rated MU (ISR). <u>PFSC</u>	With the PROGEDE operations, the Bank has the intellectual leadership and proven operational experience to continue advancing the traditional fuels agenda. The long awaited for elimination of the charcoal quota system was a striking example of synergies between sector operation and a DPO providing strong leverage
Pillar II: Human Development/shared growth			
Improving quality of and access to basic education			
<u>Outcome 1</u>: Increase success rate in achieving primary level from 53.1% in 2005 to 77% in 2009 (and from 51.5% to 73% for girls)	Partially achieved. Some but still not sufficient progress: starting from 48.7% in 2005, the completion rate has reached 55.7% in 2007 and 59% in 2009, and likely to reach 65% by 2011 (quite short of the 77% target). Progress is good on some other fronts in education (Quality Education for All objectives). Gender parity has already been attained at the primary level; the overall access goal is almost met, with 94 % gross enrollment and 123% gross intake rate in primary in 2009; the	***<u>Lending</u>*** <u>Quality Education for all II APL</u> Approved 8/30/2006, closing 12/03/2011. Aims to improve teaching and learning practices in the classroom in order to assist the Government in improving education quality while maintaining its focus on reaching universal primary completion by 2015.	Despite major spending for education, quality of it remains a problem. Improvements in quality of delivered education are slow. Bank has a privileged role by its prominence in the macro-economic dialogue

Additional outcome PRSC IV: *To improve transparency and effectiveness in education contractual staff management.*	repetition rate indicator has decreased to 6.4% (close to meet the target of 6 %) against the 13.9 % baseline. The dropout rate has remained high at 10% percent resulting in still disappointing primary completion rate. 42% of Senegal current budget allocated to education in 2009 (excluding debt service and "*dépenses communes*" to education sector) PRSC IV prior actions included *reconfirmation through issuance of a Ministry of Education Circular of a competitive recruitment system for all contractual teachers, including quantitative benchmarks for the phase-out over three years of the "quotas sécuritaires" recruitment*	Project was restructured. Progress towards PDO and IP rated S (ISR). PRSC IV ***AAA*** Early Grade reading Assessment	and in its long and continued involvement in the sector. It helps build essential bridges between the education sector and ongoing operations in other sectors, including community-driven development and agriculture. The Bank is an important partner in the sector with its ability to catalyze both multi-sectoral and multi-donor harmonization.
Improving health services provision for women and children			

Outcome 2: Increase the number of assisted births to 70 percent at national level while ensuring a minimum of 50 percent in the 5 poorest regions. Outcome 3: At least 80 percent of children aged 6-59 months in the intervention areas receive high preventive doses of vitamin A supplements twice yearly. Outcome 4: 50 percent of targeted households use insecticide treated nets (ITN) by 2009.	Partially achieved. The Government's PRSP 2010 diagnosis progress report indicates that proportion increased from 59% in 2006 to 66.9% in 2009 (versus a target of 68%). Achieved under the Nutrition Enhancement Phase 2. Original CAS outcome " *Reduction in under-weighted malnutrition in children under five by 15% by 2009" :* progress was not measured but strong performance of nutrition project points to improvements: (i) Children under 5 with access to a basic package of health, nutrition, or population services reached 883,000 (of which 638,000 in rural areas) versus target of 709,000; (ii) Vitamin A supplementation coverage has increased from 1,598,000 in 2006 to 2,149,169 by May 30, 2010; (iii) percentage of targeted children aged 0-24 months showing adequate monthly weight gain had reached 82% December 2010 versus 75% End of Project (EOP) target. Achieved: Nutrition project reached 70.00%, surpassing EOP project targets. With 500,000 nets distributed by June 2009, that project activity was completed ahead of time.	***Lending*** Nutrition Enhancement Phase 2 APL Approved 11/13/2006, closing 5/14/2012. Supports the national nutrition enhancement program (PRN). Phase 2 aims to expand access to and enhance nutritional conditions of vulnerable populations, in particular those affecting growth of children under five in poor urban and rural areas. Strong progress. Progress towards PDO and for IP rated HS (ISR). Rapid Response Child-Focused Social Cash Transfer and Nutrition Security Project with IDA credit and MDTF grant in support of the Global Food Price Crisis Response Program (GFRP). Approved 5/06/2009, closing 12/31/2011. Aims to reduce the risk of nutrition insecurity of vulnerable populations, in particular children under five in poor rural and urban areas, by scaling up the PRN and providing cash transfers to vulnerable mothers of children under five. For four out of the six PDO indicators, achievements have already exceeded EOP target values. Senegal river basin project (regional) Approved 6/08/2006, closing 9/08/2011. Aims to enhance regional integration among the riparian countries of OMVS (Mali, Mauritania, Senegal and Guinea) for multi-purpose water resources development to foster growth and improve community livelihoods. Progress towards achieving DPOs rated S and IP rated MS (ISR)	On nutrition the Bank is in a unique position to: (i) strengthen high-level leadership attention to a cross-sectoral issue that often falls between the cracks of development assistance; and (ii) assist the country in effectively achieving the non-income target of the first MDG by supporting the program's scaling up to the national level. This second nutrition project is an example of how the Bank can to prepare and implement an effective rapid response on the basis of experience gained on a well-designed and executed prior project.

Additional outcome *Achieving MDGs for HIV/AIDS prevalence rate* *Additional outcome PRSC* *Improving Public Hospital Efficiency; improving quality and supply of health care.*	With HIV/AIDS P&C Project Senegal achieved the corresponding MDG (prevalence rate 0.7% below max 3% target). This project exceeded all its objectives for DO indicators. Health was in the areas of focus of 3 DPOs: PRSC III had 2 prior actions: *sign performance contract for resource allocation between Ministry of Health, medical regions, districts. and hospitals; and (ii) meet the two immunization indicators (DTP3 80 percent and measles70 percent) as well as two out of the four following monitoring indicators (CPN1 70 percent, CPC 54 percent, attended birth 50 percent, and screening in voluntary counseling and testing (VCT) centers up by 20 percent*). PFSC had 4 prior actions: *(i) adoption by the managers of the twenty hospitals, the Ministry of Health and the Ministry of Economy and Finance of a memorandum of understanding that ensures that all twenty hospitals develop a financial recovery plan as a condition for state financial assistance; (ii) creation of an inter-ministerial committee, responsible for the oversight of hospital recovery plans; (iii) the creation of an oversight unit for the Sesame plan of the Ministry of Health; and (iv) adoption and publication of a decree by the Council of Ministers that sets out a health map for 2008-2013*. PRSC IV had as prior action: *adoption of the National Strategy for Extending Health Risk by coverage an Arrété interministériel cosigned by the Ministry of Health, Ministry of Finance, and Ministry in charge of workers.*	HIV/AIDS Prevention and Control Project (MAPII) PRSC III PFSC PRSC IV ***AAA***: WBI capacity building on contracting in health and financing Health Component 2009 PER TA Health Sector Reform	Health is a sector where Bank support has been provided through PRSCs and TA only (except for the MAP project). This was a departure from the previous CAS during which two unsatisfactory Investment Projects had been implemented. So far the new approach seems to be more effective.

Improving protection of targeted vulnerable groups			
Outcome 1: 75 percent of surveyed children 0-24 months showing adequate weight gain.	Achieved: 82% by 12/10 as reported under Rapid Response Child-Focused Social Cash Transfer and Nutrition Security Project. Government confirmed its intention to scale up the PRN towards full national coverage by adequately budgeting resources for the program to accelerate and entrench recent gains. PRSC IV included as other steps (not formal prior actions): appropriation of CFAF 1.17 billion for the PRN in the 2010 finance law. A trigger for PRSC V was the adoption and initiation of implementation of a medium-term plan for sustainable financing of the PRN. A 2012-2017 strategic plan was indeed approved.	***Lending***: Rapid Response Child-Focused Social Cash Transfer and Nutrition Security Project PRSC IV AAA: Strengthening M&E of Youth Employment programs (IDF) PER (Health Sector Component)	
Pillar III: Urban/rural synergies			
Improving urban mobility and access in and out Dakar and promote regional centers			
Outcome 1: Travel time between Dakar (Malick Sy) and Pikine is reduced to 20 minutes on the Toll Road.	Not yet measured but with first 2 sections completed (Malick Sy-Patte d'Oie and Patte d'Oie Pikine - 12.6 km) it is likely it is achieved The toll road will be the first in Sub-Saharan Africa financed through a PPP. It will be the first PPP on such a large scale in Senegal, proving the strong commitment of the Government to base its growth strategy on the development of the private sector.	***Lending*** Dakar-Diamniadio Toll Highway (DDTH) Approved 6/02/2009; closing 7/31/2015. It addresses the severe congestion in and out of Dakar and serves as a model of slum upgrading, urban restructuring and environment protection. The Bank is financing the latter two, the Government and other donors, and private partners finance the road construction, under a	The DDTH, a ground breaking operation in Senegal, is a first class example a high-risk, high-reward project in which the Bank plays the role of a partner leveraging a combination of finance, technical know-how, and objective advisor to a very complex multi-sectoral

Intermediate outcome *Start construction of a highway between Dakar and Diamniadio by end 2007.* *Other outcomes in improving Urban/rural synergies* *Improved mobility in Greater Dakar area.*	Intermediate outcome achieved: 2 sections completed and construction of other sections started following closure of the financing scheme with private concessionaire. UMIP target regarding efficiency on 4 selected axis in Dakar not met: time-lost-in-traffic actually increased by 30 percent compared to a targeted reduction by 5 percent; but the lack of achievement can be attributed major part to a major overall increase in vehicle traffic (dramatic increase in vehicle-kilometers in the city and surge of vehicles registered in Dakar (plus 145% from 1997 to 2007). The innovative urban leasing scheme achieved the objective of partly renewing the aging fleet of mini-buses improving operations and passenger comfort: 505 new mini-buses were provided against 300 planned (20% of the existing fleet) and the leasing scheme was shown to be sustainable.	PPP (Build Operate and Transfer –BOT) approach. Construction is done in four sections. The first two sections are financed by the Government. This US$530 + million undertaking will provide significant improvement to the Dakar metropolitan area as the economic driver of Senegal development. First ISR rated progress to DPO and IP as MS. UMIP Urban Mobility Improvement Approved 5/25/2000; closed 9/30/2008. Aimed to improve safety, efficiency and environmental quality of urban mobility in the Dakar metropolitan area and road safety in Thiès and Kaolack. Special attention was given to improving mobility for the urban poor by: promoting public transport services; and ensuring the safe movement of pedestrians and road users. ICR rated project outcome, Banks and borrower's performance as MU. PLDP	project. The willingness of the private sector to engage in a PPP of significant size in spite of the global financial crisis and the difficult fiscal position of the Government is largely due to the Bank's role. Since the 1970s, the Bank had been leading supporter of the urban/regional transport sector (confirmed with the UMIP). It was clear at the onset of the 2007-2010 CAS that Bank participation in follow-on initiatives (TUMP and the toll-road) was needed, together with other donors to sustain the positive results realized in policy and institutional reforms under previous Bank operations. This is likely to remain so in next the CAS (with emphasis on strengthening territorial management/spatial planning/development along corridors).
Outcome 2: Rehabilitate 2/3 of social infrastructure (health centers, classrooms, roads) affected by the conflict in Casamance.	Outcome not measured in %, but intermediate outcome essentially achieved by 2009: 141 classrooms, 25 health centers and 26 maternity clinics were rehabilitated. In addition 251 km (10% total network) connecting about 90 towns, 8 bridges and 6 pontoon bridges	***Lending***: Casamance Emergency Reconstruction Project Approved, 9/09/2004; closed 12/31/2009. Aimed at facilitating a speedy restoration in Casamance of a productive economic and social environment	This project is a good example of the 2nd generation DDR approach where, in contrast to traditional DDR approaches, attention shifts from military structures toward the

Intermediate outcome *120 classrooms, 30 health centers and 800 km of secondary roads rehabilitated by June 2007.*	were rehabilitated. Targets of project achieved or exceeded.	similar to that existing in the rest of Senegal; and laying the groundwork for sustainable long-term development in the region. ICR rated project outcome, Banks and borrower's performance as MS.,	community as a whole. Addressing development needs of the region should be pursued in next CAS: supporting Government in preparing and implementing a territorial development strategy, including the potential of regions, and a Casamance recovery and regional development project.
Reduced vulnerability of immigrant and emigrant groups with a focus on street children in Dakar			
Outcome 3: Proportion of working children in Dakar to decline by half by end 2009.	Not observed under Bank operations. Government PRSP 2 ICDR diagnosis report indicates 22,377 children withdrawn from work during 2007- 2008. But it acknowledges that performance of the protection of vulnerable groups pillar has been weak. PRSC III included as prior actions: (*i) implement the program of Community-based Rehabilitation for the disabled in at least four regions; (ii) implement project to fight the worst forms of child labor*. The IEG report rated the impact of the first series of PRSC on vulnerable groups negligible to modest. The 2008 ICR concluded for PRSC II and III that: (i) coverage by formal social protection instruments remained low ; but the health plan SESAME targeting elders was introduced; (ii) the number of disabled receiving health services increased slightly; (iii) many funds aiming at assisting vulnerable groups exists but their targeting mechanisms have to be improved for more meaningful outcomes. Nutrition projects have been successful regarding young children and	***Lending*** PRCS-III and IV Quality Education for all II HIV/AIDS P&C New components support for orphans and vulnerable children) were added to HIV/AIDS P&C project when it was restructured Nutrition projects ***AAA*** ESSD trust fund	Efforts need to be stepped up to develop safety nets, now almost inexistent. In the face of shocks, the government has stepped in with interventions (broad-based subsidies, tax exemptions) but they have proven ineffective, inefficient and financially unsustainable. There is a need for more appropriate targeting mechanisms in the face of limited resources, and a need to improve the identification of vulnerable groups.

	their mothers in poor areas (see Pillar II outcome 3) HIV/AIDS P&C project was a success in establishing and implementing a successful and sustainable program for the orphans and vulnerable children.	Tracking survey of rural dropout AAA/ESW on street children ESW on school dropouts Crop insurance ESW West Africa Climate Change and Youth Migration ESW .	
Improving quality of life through better management of natural resources and access to water and sanitation			

Outcome 4: Increase access in rural areas to (i) water from 65% of the population in 2005 to 70% in 2009; and to (ii) sanitation from 19% in 2005 to 28% in 2009. *Intermediate outcome* *50% of large industrial plants affecting water quality in the Baie de Hann undergo environmental audit, issued permits, and are monitored for compliance by 2008*	Achieved. Access: (i) to water: 73.6% of the population, and (ii) to sanitation: 28.9% of the population. The Long Term Water project has also fully achieved its development objectives. About one million and a half additional people have gained access to safe drinking water in urban areas. Not (yet) achieved. Remedial actions undertaken under AFD and EIB financed operation.	***Lending*** Long term Water sector Project Approved 3/06/2001; closed 6/30/2009. Aimed to assist Senegal in achieving sustainable improvements in the delivery of urban water and sanitation services in unserved and low income areas of Dakar and secondary cities. All development impact indicators fully achieved or exceeded. ICR rated project outcome and Bank's as HS. Water and Sanitation Millennium Project Approved 6/02/2009; closing 6/30/2015. Aims to increase access to sustainable water and sanitation services in selected rural and urban areas. Progress on DPO and IP rated S (ISR). Supporting Access to On-Site Sanitation Services through Output-Based Aid. TF Approved 7/06/2007; closing 12/31/2011. Aims to increase access to on-site sanitation for households living in the Dakar region in a sustainable manner. Progress on DPO and IP rated MS (ISR). ***AAA*** Country Environmental Assessment	The LT Water sector Project is an exemplary project underpinning an urban water sector reform that can be considered as world class best practice The LT commitment of the Bank in Senegal was a major factor of success through its: (i) catalytic role in leveraging investment funding from other donors; (ii) role in smoothing frictions and bringing a cooperative spirit; and (iii) continuous support to the full execution of contractual and regulatory obligations. The Bank should continue playing the leading role from the donors side in policy dialogue on (i) 2nd generation reform of the urban water and sanitation sector, and (ii) tariff policy to maintain the financial equilibrium of the urban water sub-sector

Table 2: Planned Lending Program and Actual Deliveries

CAS PLANS			STATUS	
		US$ million IDA		US$ million IDA
2007	PRSC III	20	Delivered	20
	Nutrition II	15	Delivered	15
	Quality Education for all II	30	Delivered	30
	Local Authorities Dev. Program	80	Delivered	80
	Regional WAPP	5	Delivered	15
	Subtotal	**150**		**160**
2008	Dakar-Diamniadio Toll Road *	-	Moved to FY09	0
	Energy Sector Recovery *	-	Delivered	80
		0		**80**
	Subtotal			
Subtotal FY07-08 IDA-14		**150**		**240**
PROGRESS REPORT PLANS (5/28/2009)			**STATUS**	
2009	PRSC IV/ AGS[25]	60	PRSC IV[26] moved to FY10	0
	PROGEDE II	10	Moved to FY10	0
	MTA/SEN/GAM Integration	20	Dropped	0
	Urban Mobility II/ Transp III	50	Moved to FY10	0
	Economic Governance	10	Moved to FY10	0

[25] Originally presented as one slot because of lack of clarity on Government's sense of direction with regard to their accelerated growth strategy and originally structured as US$30 million for AGS and US$30 million for PRSC

[26] Credit amount increased by US$ 10 million from Pilot Crisis Response Window

			Dakar-Diamniadio Toll Road delivered	105
			Additional Actual projects	0
			West Africa Air Transport Safety	7
			Sustainable Management of Fish Resources	9.5 [27]
			Rapid Response Nutrition Security/Cash Transfer	10 [28]
			Public Finance Support Credit	60
			Sustainable Land Management GEF	4.8
	Subtotal	**150**		**196.3**
2010	PRSC-V	30	Moved to FY11	0
	Water & Sanitation (PEPAM)	60	Water & Sanitation Millennium (PEPAM)	55
	Rural Electrification II	30	(moved to FY12)	
	Regional Biosafety *	-	dropped	
	Regional Senegal River MultiModal *	-	(moved to FY11)	
			PRSC IV	43
			Economic Governance (planned FY09) delivered	8
			Urban Mobility II/Transport III delivered	55
			PROGEDE II (planned FY09) delivered	15
			Additional Actual projects	
			Regional Fisheries	15
			Add Financing Felou Hydroelectric	42.5
			Add Financing PDMAS (Food Crisis)[29]	10

[27] Includes US$6 million from GEF

[28] Plus US$8 million from the MDTF Global Food Price Crisis Response Program

[29] From the Global Food Crisis Response Program

	Subtotal	**120**		**243.5**
Subtotal FY09-010- IDA 15		**270**		**439.8**
	Total FY07-10	**420**		**679.8**[30]

[30] Includes a total of US$ 79.5 million, which is Senegal's share of IDA credits in the regional projects.

Annex 3. Planned Non Lending Services and Actual Deliveries

CAS PLANS		STATUS
2007	Country Environmental Assessment	Moved to FY08
	Transport & Infrastructure Study	Delivered
	PEFA	Delivered
	Poverty Update	Moved to FY08 (full Poverty Assessment)
	ROSC Private Governance	Delivered
	Study on non Farm Employment	Moved to FY09
	Study on Crop Insurance Schemes	Moved to FY09
2008	Country Economic Memorandum	Delivered
	Investment Climate Assessment	Moved to FY09
	Health Financing	Moved to FY10 (TA Health Sector Reform)
	PER (Civil Service Reform)	Moved to FY10
	Employment Strategy Note	Delivered
		Country Environmental Assessment completed
		Poverty Assessment completed
	Study on Street Children	Moved to FY09
	Study on School Dropouts	Moved to FY09
CAS PROGRESS REPORT PLANS		
2009	Financing of SMEs (in rural areas)	Dropped
	Poverty Assessment	Dropped (was done in FY08)
	PER note	Dropped (instead full PER in FY10)
	CAS progress report	Delivered
		Investment Climate Assessment completed
		Study on Crop Insurance schemes completed
		Study on Street Children completed
	Dakar Bus Fin. Scheme Review	Delivered
		Additional actual products
		PEFA Dakar City completed
2010	TA Health Hospital Reform	Delivered
	Mid-term Assessment of AGS	Dropped
	ESW - Full PER	PER completed for health, education, transport
		PER for agriculture moved to FY11
		Additional actual products
	TA Coastal Adaptation to Climate Change/Coastal Erosion Protection	Delivered
	Post disaster needs assessment	Delivered post August 2009 floods

Annex 4: Millennium Development Goals and Trends

Millennium Development Goals	1990	2000	2005	2011	2015 Target	Probability
Goal 1: Eradicate extreme poverty and hunger						
Poverty headcount (national poverty line)	*67*	*55.0*	48	*47*	<33	Likely off track
Poverty headcount ratio at $1.25 a day (PPP) (% of population)		*44*	34	*33*	..	
Malnutrition prevalence, weight for age (% of children under 5)	..	20.3	15	*13*	..	
Goal 2: Achieve universal primary education						
Literacy rate, adult total (% of people ages 15 and above)	*27*	*39*	42	50	..	Likely off track
Primary completion rate, total (% of relevant age group)	43	38	51	65	100	
Total enrollment, primary (% net)	..	57	73	85*	100	
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliaments (%)	13	12	19	40	..	Likely on track
Ratio of female to male primary enrollment	73	86	96	106	*100*	
Ratio of female to male secondary enrollment	*53*	65	75	88	*100*	
Goal 4: Reduce child mortality						Likely on track for under-5 mortality but off track for immunization
Immunization, measles (% of children ages 12-23 months)	51	48	59	63	*100*	
Mortality rate, infant (per 1,000 live births)	90	66	61	47	*30*	
Mortality rate, under-5 (per 1,000)	149	133	119	72	*49*	
Goal 5: Improve maternal health						
Maternal mortality ratio (modeled estimate, per 100,000 live births)	510		401	392	170.0	Likely off track
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	109	105	*104*	..	
Births attended by skilled health staff (% of total)	..	60	52	65	100	
Pregnant women receiving prenatal care (%)	..	79	87	*76*	..	
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Incidence of tuberculosis (per 100,000 people)	195	237	261	*280*	..	On track for HIV/AIDS but off track for TB
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.4	0.8	*1*	<3	
Life expectancy at birth, total (years)	52	54	55	*56*	..	
Goal 7: Ensure environmental sustainability						
Improved water source (% of population with access)	67	72	*77*	88	*100*	Likely on track for water but not for sanitation
Forest area (% of land area)	49	46	*45*	45	..	
Improved sanitation facilities (% of population with access)	38		*40*	45	70.0	
Goal 8: Develop a global partnership for development						
Net ODA received per capita (current US$)	108	43	*61*	87	..	--
Mobile cellular subscriptions (per 100 people)	0	3	*15*	50	..	
Other						
Fertility rate, total (births per woman)	7	6	*5*	5	..	--
GNI per capita, Atlas method (current US$)	670	510	*770*	1,040	..	
Gross capital formation (% of GDP)	9	21	*30*	30	..	
Life expectancy at birth, total (years)	52	54	*55*	56	..	
Trade (% of GDP)	58	65	*70*	68	..	

*There remains lack of clarity between Bank and government data on this indicator

Annex 5: Key Messages from Consultations

Key Messages from Consultations	
Civil Society	Access to Basic Services, Access to Land, Agriculture and Rural Development, Education, Fraud and Corruption/Transparency, Health, Monitoring and Evaluation of projects/ programs by civil society, Private Sector Regulation, Protection of Vulnerable Groups, Youth Employment
Government (Ministerial Level)	Agriculture, Airports, CPS Alignment with Government Strategy, Energy, Governance Reforms, Health, Infrastructure, Judicial Reforms, Private Sector Development, Private Sector Reforms, Railways, Regional Transport, Safety Nets, Territorial Development, Transport, Youth Employment
Government (Technical Level)	Access to Land, Agribusiness, Decentralization, Education, Energy, Fiscal, Infrastructure, Private Sector Development, Railways, Social Protection, Territorial Development, Youth Employment
Development Partners	Development of a Long-Term Strategy for Senegal, Donor Coordination, Gender Integration in CPS, Government Should Lead Donor Coordination, Harmonization of Donor Interventions,
Private Sector	Access to Finance, Agribusiness, Education, Fiscal, Fisheries, Judicial System Reform, Private Sector Development, Reform Implementation, Rural Water and Sanitation, Youth Employment
National Assembly	Agriculture and Rural Development, Agro-Industry, Capacity Building of Parliament Staff and more Collaboration with the WBG, Casamance Development, Energy, Parliamentary Monitoring of M&E of Projects, Private Sector Development, Skills Development, Youth Employment
Academics / Think Tanks	Agriculture, CPS Alignment with Political Cycle, Education, Energy, PPPs, Infrastructure, Reform Implementation, Selectivity, Transparency, Youth Employment

Annex 6: Gender in Senegal

Senegal has a history of political support for women and has made significant strides toward gender equality during the latest PRSP and CAS period, in particular regard to political representation and maternal health. With an annual decrease of nearly 10% in child mortality (under five years of age) in recent years Senegal is leading what has been called the "biggest development success in development." Linked to this are significant improvements in maternal health, represented by a mortality rate which fell from 430 women dying per 100.000 live births in 2005 to 370 in 2010. In 2011, the proportion of seats held by women in parliament was 22.7% and thus above the regional average; and the rate may increase after the July 1, 2012 election, which, for the first time in West Africa, applied a law of absolute gender parity in electoral lists. Gender parity has also improved in education at all levels, although the gap remains large at secondary (ratio of 79.4) and tertiary levels (ratio of 59.5).

Still, women continue to live and work at a disadvantage to their male counterparts, which suggest that it will be relevant for the newly elected leadership to continue focusing on a responsive policy reform to ensure that women are able to realize their economic potential and contribute fully to the country's continued development. Overall improvements for gender parity in education have not yet caught up with a huge gender gap in literacy rates, where the ratio between female and males is 0.63 and among the lowest in the world; and the gap remains a major factor in regard to women's economic participation. Only 66% of women participate in the labor force against 88% men, and 83% of women work in the informal sector. Only 10% of permanent full time workers are female, which is less than half of the average in sub-Saharan Africa (SSA). It is difficult for both young women and men to enter the job market, but more so for women. Even among the labor force with tertiary education, men are twice as likely as women to be employed in the formal private sector. The majority of women (83%) work in the Agricultural sector, but they own only about 13% of agricultural lands since customary practices related to land ownership continue to limit women's access to land. At the household level, the need to compensate for lack of access to electricity forces women and girls to invest considerable time in non-income generating activities such as collecting water and firewood and milling grained food. The Government suggests that these activities keep women and girls impoverished. Furthermore, fundamental obstacles to the achievement of gender equality at the level of agency continue to exist, including widespread gender-based violence and, despite improvements, under-representation of women at all levels of public decision-making.

The Gender Portfolio Review finds great opportunity for the new CAS to make a significant contribution to national goals for attention to gender, including those expressed in the DPES 2011-2015 and all four thematic priority areas of the National Strategy on Equity and Gender Equality (SNEEG). Specifically, the Review finds grounds for the new CAS to support select national priorities as follows:

1. SNEEG priority: *Enhancement of the social position of women and strengthening of its potential*

CAS activities/contribution/targets:

- Promote equality of access, opportunity, success and completion at primary and tertiary levels of education; and considerations for the different needs of males and females in these levels of education (*Senegal Tertiary Education and Financing for Results; Education For All Fast Track Initiative; Water and Sanitation Millennium Project*).

- Contribute to males' and females' access to water and sanitation, and maternal health services, and reduce the risk of nutrition insecurity for children under five through targeted service and cash transfers to valuable mothers. (*Nutrition Enhancement program II; Rapid Response Child Focused Social Cash Transfer and Nutrition Security Project; Water and Sanitation Millennium Project; Education for All Fast Track Initiative*).

2. SNEEG priority: *Economic Advancement of women in rural and urban areas*.

CAS activities/contribution/targets:

- Broaden the scope of interventions for women to increase their economic opportunities through increased access to labor markets, capacity building and access to grant facilities. Specifically, this will involve analytical work focused on young males' and females' access to labor markets (several sectors will contribute) and operational work targeting: i) females' involvement in the charcoal production chain, including training and employment as potters of ceramic cook stoves; ii) increased employment opportunities for men and women respectively in the fishing industry; iii) grants to women's associations in support of economically viable actives in the Casamance area and increased income for women in agriculture through an agriculture markets grant mechanism; iv) increased access to irrigated areas for women's cooperatives; and v) provision of business and technical skills training services to males and females. (*Agriculture Markets and Agribusiness Development Project; Agribusiness Development and Finance Project; Senegal River Basin Multi-Purpose Water Resources Development Project; Casamance Integrated Growth Pole Project; West Africa Fisheries Program; PROGEDE II*)

3. SNEEG priority: *Promoting equitable exercise of rights and duties of women and men and enhancing access and position of women in the spheres of decision making*.

CAS activities/contribution/targets:

- Promote gender equal participation in local public decision making related to rural energy, management of local water user associations and, urban flood risk management institutions (*ASER; PROGEDE II; Water and Sanitation Millennium Project; Stormwater Management Project).*

- Socio-economic research on select gender disaggregated impacts of violent conflict in the Casamance area (*Casamance Integrated Growth Pole Project).*

4. SNEEG priority: Improving the impact of interventions in favor of equality and gender equity.

CAS activities/contribution/targets:

- Activities that target increased capacity to promote gender equality would, for example, include support to improved national capacity for gender monitoring and analysis of data related to mothers' access to health care and nutrition services; and training of men and women in conflict transformation. (*Senegal Nutrition: Strengthening Operational Evaluation in Program Implementation Initiative; Casamance Integrated Growth Pole) Project).*

- During the CAS, the World Bank's overall contribution to the promotion of gender equality in Senegal will be measured though the level of gender informed design of the IDA project portfolio. The review finds that **at the beginning of the new CAS, 75% of the IDA portfolio is gender informed** (meaning that gender is considered in the analysis, action or monitoring of the projects), which thus represent the 2012 baseline for the CAS. The overall gender objectives for the new CAS period could be to:

- Maintain the high baseline level of a 75% gender informed IDA portfolio (a suggested indicator for the CAS Results Matrix); and

- Further increase the policy dialog on gender with the support of diagnostic work in select priority areas and increased attention to evaluation of impacts of interventions on priority gender inequality areas.

To further strengthen the support to gender equality during the new CAS; to support operational effectiveness through ongoing and planned analytical and policy dialog; and to strengthen alignment with the Africa Gender Strategy; the review specifically suggests that non-lending gender priority activities include:

- A gender informed National Poverty Assessment.

- Analysis and dialog on youth employment that take into consideration gender inequalities in relations to, for example, access, wage and training.

- A policy notes series for the new Government that addresses key gender inequality areas.

- Impact evaluation work will specifically address gender inequality areas related to women's access to economic opportunities.

These recommendations for the non-lending program are very much in line with the ongoing and planned analytical and policy work program. Finally, it is suggested that the country team consider institutionalizing a systematic approach to reviewing new projects for their attention to gender, by making gender a standard agenda item at PCN meetings, and by increasingly addressing gender in the social review process, which may involve attention to capacity development of social safeguard staff.

Annex 7: Senegal CPS Translation of Updated GAC Strategy Priorities

Strengthening Country Systems and Institutions: The Senegal CPS is closely aligned with the Government's own program, the SNDES, in which governance features prominently and supports country institutions wherever possible. The CPS takes an integrated approach to governance, including activities in the public sector, the financial sector (investment climate), the judicial sector, and the service delivery sectors, while simultaneously addressing a specific area of fragility through development activities in the volatile Casamance Region. Ongoing regional initiatives, such as the WAEMU guidelines in the area of Public Financial Management and Procurement, also support this approach. In terms of instruments, the CPS also moves towards progressively strengthening country systems by proposing results-based operations (DPL/P4R/SWAPS) relying on country systems combined with TA components to support and accompany the reforms.

Strengthening Core Country Systems and Sector Institutions: Bank assistance through the CPS will aim to strengthen both core country systems of governance and sector institutions responsible for service delivery. Thus, governance interventions are proposed both at the central level of government (Premature and Ministry of Finance) and in specific areas of service delivery, such as land and water management, performance agreements for hospitals, or the sustainable governance of fisheries resources. The Bank will also support the Government in the allocation and effectiveness of expenditures in various sectors.

Promoting Transparency and Openness: Transparency and openness are an important priority for the new Government. The new CPS is based on substantive consultations to ensure that client feedback from civil society and other stakeholders is effectively taken into account in the new program. Going forward, the Bank will continue to promote a transparent approach, e.g., by using the Bank's convening power to bring various development stakeholders together or by using the Bank's Disclosure Policy to actively communicate Bank programs and results to beneficiaries. Several programs will allow for beneficiary feedback mechanisms. ICT tools will be integrated in some of the approaches, as appropriate. The Bank intends to collaborate closely with the democratically elected Parliament as the link between citizens throughout the territory and Government programs. On the Government side, the CPS promotes transparency through several activities, including the more timely publication of reports of the Court of Auditors and support to asset declarations of public officials.

Focusing on Results: The CPS will put a strong emphasis on results. Internally, the CPS results matrix will allow for a consistent monitoring of CPS outcomes, including in the area of governance. Among others, the efforts in the results area can build and expand on the service delivery indicators and performance contracts developed in some sectors. At the central level as well, the CPS will support a strategic program to strengthen Government capacity for policy planning and monitoring & evaluation in order to support the more effective implementation of Government programs responding to the aspirations of citizens.

Managing Fiduciary Risks: In line with the GAC Strategy, the Senegal CPS promotes an approach that manages rather than avoids risks while maintaining the highest fiduciary standards to protect development results and Bank investments. To that effect, all Bank activities will work in close cooperation with the Bank's fiduciary and procurement teams to ensure that funds are used for their intended purposes. While taking a calculated approach to risks a priori, the team will take strong and effective measures in collaboration with INT, should allegations or actual cases of fraud and corruption occur.

Annex 8: Regional Integration

Broadening Senegal's Markets and Leveraging Resources

Regional integration is a key part of the CPS, with five ongoing projects and two new projects and two potential projects. The existing regional integration agenda demonstrates the power of intra-regional exchanges for inclusive growth and shared prosperity across sectors such as energy, agriculture, fisheries, water management and the financial sector. Twenty percent of Senegal's exports are intra-regional to Mali (15.8) and Guinea (4.8), highlighting the importance of regional integration. As Senegal moves to diversify its energy mix, it will increasingly rely on regional sources for electricity. The CPS would continue to find opportunities to leverage regional projects in an attempt to deepen integration leverage additional IDA funding and build knowledge across the region. Some of the regional projects include:

Regional Operations (size in millions of US dollars)

Pillar I	Pillar II
West Africa Regional Fisheries (15)	Senegal River Basin Multi Purposes Water Resources Development (30)
West Africa Agricultural Productivity (15 + 60)	
OMVS Felou Hydroelectrique (67.5)	
W/C Africa Air Transport Phase II B (7)	
Improved Investment Climate within the Organization for the Harmonization of Business law in Africa (OHADA)	
Global Index Insurance Facility Program	
Improved Investment Climate with in (OHADA) (15)	

Senegal is active on several regional tracks including the management of the Senegal River Basin which is shared with Mauritania, Mali and Guinea. The Senegal River Basin Organization (OMVS) has traditionally played a lead role in facilitating regional integration. The development of the Senegal River is critical for Senegal because 60 percent of the country's water resources are dependent on the Senegal River. In addition, through the joint management of the Senegal River, Senegal benefits from the infrastructure assets and the associated multipurpose benefits which it could not develop alone. For example, the Felou hydropower project supported by the Bank. As relates to the joint management of the Senegal River basin, priorities include the: (i) development of hydropower dams (Gouina, Koukoutamba and Boureya); (ii) strengthening of transportation links such as the Rosso Bridge and navigation of the Senegal River; (iii) development of irrigated agriculture; and (iv) modernization of systems for climate change adaptation. The Bank has also supported feasibility studies for further hydropower development through its regional water management project with OMVS. In addition, with the OMVS project, the incidence of malaria has been appreciably reduced with 3 million bed nets provided to the population living in the basin. The OMVS has also generated substantial economic benefits at the local level through investments in the agriculture and fisheries sectors, and this has helped to improve the livelihoods of the communities living in the Basin.

In the Financial sector, there is an important regional initiative with the BCEAO on payment services and systems in UEMOA. The project is financed by the FIRST Initiative and will help BCEAO implement some of the key recommendations of a World Bank study on "Lowering the Cost of Payments and Money Transfers in UEMOA" (2011) regarding usage of mobile phone technology and other innovations to promote financial inclusion in the region. The BCEAO has also requested IFC assistance to develop a regional credit bureau covering all UEMOA countries. This project has the potential to greatly improve access to finance in the region.

In terms of business environment, the *Improved Investment Climate within OHADA* project aims to strengthen OHADA's institutional capacity to support, in its member countries, selected aspects of investment climate reforms, including improved corporate financial reporting. The activities financed with this IDA grant are related to institutional cooperation for greater economic integration by harmonizing all business and commercial laws in the OHADA Zone. Under the umbrella of FIAS Investment Climate Advisory Services Program, IFC project #553006 has been supporting OHADA member countries since 2007 in modernizing the OHADA laws ("Uniform Acts"). IFC intends to develop this project further (through the project #592087) to continue with the reform process as well as the follow-up activities to ensure the implementation of these laws and translate the regulatory changes into concrete improvements on the ground for the private sector. Going forward, as a member of OHADA, Senegal is expected to benefit from ongoing reforms of the Uniform OHADA Act (assisted by the IFC and the WB).

In the Fisheries sector, the Bank (with GEF co-financing) is supporting the West Africa Regional Fisheries Program (WARFP) through a series of 3 overlapping Adaptable Program Loans (APLs). Taken together, this series of APLs (i.e., the WARFP) will cover all seven member countries of the Sub-Regional Fisheries Commission (Cape Verde, the Gambia, Guinea, Guinea-Bissau, Mauritania, Senegal and Sierra Leone) plus Liberia and Ghana. This overlapping design will encourage regional integration in the sustainable management and development of the region’s marine fish resources. The development objective of the WARFP is to sustainably increase the overall wealth generated by the exploitation of the targeted marine fish resources in the participating countries, and the proportion of that wealth captured by these countries. The first ongoing APL in the series, APL-A, involves Cape-Verde, Liberia, Sierra-Leone and Senegal.

Senegal will be part of the Higher Education Africa Centers of Excellence project which seeks to promote regional specialization among participating universities within areas that address particular common regional development challenges and strengthen the capacities of these universities to deliver high quality training and applied research. The higher order objective of the project is to meet the demand for skills required for Africa's development, such as the growing energy sector, extractive industries and agriculture productivity. Further, the project would contribute to the strengthening of the best African universities within science based education such as natural sciences, hard sciences, life sciences and applied associated disciplines. Benefits for Senegal include: (i) universities with a stronger attachment in areas of national strategic interest, including agriculture, transport, power and extractive industries; (ii) strengthened university capacities in the hard, life and natural sciences, engineering and technology, in order to be able to produce quality specialized skilled labor and applied research within these disciplines and cater to national strategic sectors. This would provide an important boost to Senegal's aspirations to become a regional hub for higher education and become a targeted complementary support to the Tertiary Education Governance and Financing for Results project.

Annex 9: Partnerships

Bank support to governance and public sector performance is complementary to other partners' activities. PFM is supported through the budget support group, which meets on a regular basis and has agreed on a PFM action plan with the authorities. Other partners active in PFM reforms include in particular the European Union, the French Cooperation, and UNDP Development Strategy and Public Finance Pool. In the area of monitoring and evaluation, Bank support to strengthening government policy monitoring and decision making is complementary to other partners' activities at the sector level. In the area of civil service, the EU and UNDP have active TA programs which complement Bank activities. Support to the justice sector is led by the EU and the French Cooperation, and the EU is also supporting civil registry and Parliament and checks and balances institutions. In the area of procurement, in addition to the World Bank, AfDB, the EU and WAEMU provide support.

There is a significant donor involvement in Agriculture and PSD related activities in Senegal, either for pure business environment and finance activities, or less traditional actions in agro industry/agriculture. The AfDB is supporting agribusiness and access to finance, while the French Cooperation is building capacity of Rural Communities (PACR project). The AfDB is implementing a Food Security Support Project in the Louga, Matam and Kaffrine regions, which aims to increase sustainable crop and animal productions and improve small producers' incomes. The project will finance water infrastructure, particularly irrigation, as well as services and innovative crop production technologies. Japan International Cooperation Agency (JICA) is also active in the agriculture sector with a Food Security Program/Promotion of local rice.

USAID is providing technical assistance on agribusiness, and also recently published a report on "Doing Agribusiness." Under the umbrella of the "Feed the Future" initiative, USAID's Economic Growth Project (EGO) supports Senegal's Accelerated Growth Strategy (SCA) and the Comprehensive Africa Agricultural Program (CAADP). The project aims to boost investment in the agriculture sector and to significantly increase the contribution of agriculture to the national economy. The Irrigation and Water Resource Management Project aims to contribute to increased agricultural productivity in the Senegal River valley through: (i) increased volume of water for irrigation; (ii) increased irrigated lands; (3) reduced risk of abandonment of existing irrigated land. The project also supports a land tenure component that will provide local governments with adapted land registers and records.

Given the importance of the energy sector for the country, many donors are involved in energy activities. The AfDB is promoting private sector investment for a 125 MW coal power plant; and the Agence Francaise du Development is assisting SENELEC in the rehabilitation of power generation assets. KfW is focusing on the promotion of wind energy in Senegal, as well as rural electrification projects; the European Union is expected to increasingly contribute to rural electrification; the Chinese EXIM Bank is financing distribution improvements and containerized generation plants; and Korean development programs are promoting a 250MW coal power plant.

In the fisheries sector, JICA, the European Union, FAO, AFD, and USAID are all active. JICA supports local fisheries management activities in other pilot sites along the Senegalese coast, similar to the model financed by the GIRMaC. The EU supports Fisheries Monitoring, Control and surveillance activities at the regional level, and finances the establishment of sustainable management plans for some fisheries. FAO financed studies on institutional and legal reforms to be implemented to support the success of the letter of sector policy, support the development of aquaculture and the ecosystem approach in fisheries, and supports the capacity building of women in artisanal fish processing. AFD supports the co-management and integration of marine protected areas for the fisheries management at the regional level in West Africa, and USAID supports the improvement of the governance of the fisheries via community-based management.

In the urban sector, AFD, EU, the EIB and the BOAD are particularly involved in the water sector, with direct loans to SONES to enhance the production and distribution of water in secondary cities. AFD and EIB are more involved in the sanitation sector, through the project to clean up the Bay of Hann, and funding for the sanitation plan of Dakar by the EIB. The EU finances the construction of infrastructure in five secondary cities; JICA is involved recently in the city of Kaolack through the development of a sanitation master plan; and the Gates Foundation supports ONAS on sludge treatment with the implementation of several such stations.

In the rural sector, the approaches of different donors are similar, with the construction of wells and water supply facilities accompanied by the establishment of ASUFORs to manage and operate the infrastructure associated with hygiene and sanitation components (hygiene awareness, construction of latrines). ADB, USAID, BTC, Lux Dev and JICA have interventions in rural areas where they are traditionally active, complementing IDA's activities, which are concentrated on the north along the Senegal River. The whole sector is well-coordinated with consultation and coordination meetings with the Senegalese authorities, and AFD and the EU providing co-chair of urban and BTC Lux Dev and co-chair of the rural sectors. The World Bank/WSP provides the secretariat for these two subgroups: French Development Agency (AFD) and Support Project for Rural Communities (PACR). The project aims to support the Senegal River Delta rural communities in evaluating their land potential and promoting local development with productive investments.

At the operational level, Senegal has also fostered constructive partnerships between local government, civil society and the private sector for improved health and nutrition outcomes. Under the World Bank supported Nutrition Enhancement Program, central and local government have entered in formal partnerships with civil society organizations, public service delivery systems and the private sector for improved food, nutrition and health outcomes. Through these partnerships at the operational level, Senegal has reduced chronic malnutrition, the principal marker of non-income poverty, to 16% (2012) and doubled the production and consumption of iodized salt and major staple foods fortified with essential micronutrients such as vitamin A and iron. Additional areas under these operational partnership arrangements will focus on food transformation and conservation, and maternal mortality reduction.

Figure 6: Other Development Partners - Principal Areas of Engagement

European Union	Road rehabilitation; Regional Integration and Competitiveness; Budget Support; State & Civil Service Reforms: civil service audit, implementation of an integrated HRM system; Public Financial Management: control institutions (SAI & internal control), public procurement, treasury, control of

	agencies and SOE sector; Improving the Justice System: support to national sector program; computerization of justice sector processes; reform of codes of procedure; comparative study on sanctions for economic and financial crime; Support to Civil Registry strengthening; Land Management Project; Technical Assistance project supporting the Parliament.
AfDB	Agribusiness and access to finance, Budget Support.
UNDP	National Program for Good Governance: supporting the Public Administration Reform Directorate (DREAT) economic governance; political governance; public administration reform.
French Cooperation	Public Financial Management: Technical Assistance for the areas of tax administration; customs; treasury, SAI, and statistics; Justice: support to access to justice (justice of 'proximity,' training of judges, advice on justice reform and support to prison administration; Rural Communities / PACR Project; Energy sector.
MCA	Irrigation Investment along the Senegal River; Roads in Casamance.
CIDA	Education quality and management improvement; Technical education and vocational training.
USAID	Technical assistance in agribusiness; Governance, notably in Casamance; Fisheries management; Education quality improvement.
JICA	Education and vocational training; Sustainable Rural Development; Fisheries and Water Resources; Agribusiness.
IsDB	Energy Sector; Agribusiness; Education.

Annex 10: Lessons from a Failed Energy Sector Credit

In June 2008, IDA approved a two-tranche Energy Sector Recovery Development Policy Credit for US$80 million equivalent. The objective was to ensure the sound long-term development of electricity services and supply of petroleum products through the restoration of the financial equilibrium of Senelec and policy measures to improve governance at Senelec and the refinery (SAR). Two years later it closed without releasing the second tranche. The ICRR concluded that Bank performance had been moderately unsatisfactory while the borrower's performance was judged unsatisfactory. What happened and what lessons were learned?

The project was hampered by the exceptional rise in world oil prices in 2008 and an economic slowdown due partly to the global financial crisis. However, the ICRR also admitted that the project was overly ambitious, expecting significant improvements in a short period of time. It failed to take into account the Bank's recommendations regarding conditionality in DPCs such as i) ensuring ownership at the Ministry of Energy and Senelec; ii) balancing the conditionalities and financing between tranches; iii) choosing only actions critical to achieving results as conditions; and iv) choosing the right instruments to effect changes in Senelec's financial situation. Instead, the project was managed by the Ministry of Economy and Finance. The second tranche had eleven fairly difficult conditions, some of which were not critical, but only 30 percent of the funding. And a two-year DPC was too short and inflexible to resolve Senelec's financial problems. At the same time, the government found itself caught between continuing unsustainable budget transfers or increasing already high tariffs in a context of weak service provision. It was unwilling to take difficult decisions on tariffs, policy reforms, or the governance of sector entities.

The ICRR concluded that in future it would be important to use a longer series of DPCs with more modest objectives, greater flexibility, supported by an investment credit. Greater ownership at the sector level and better coordination between the sector and finance ministry would also be critical.

Annex 11: The FY 11 Senegal Country Survey – Summary of Findings

The FY 11 Senegal Country Survey results provide insight into the views and perceptions of stakeholders in Senegal. Because a survey was conducted in FY 07, there are some differences to report in terms of how stakeholders perceive aspects of the Bank's work now compared to several years ago. In addition, it is interesting to note how stakeholders identify the key priorities for the country and where the Bank can add most value.

It is worth noting that familiarity with the Bank is quite low outside of the bi-lateral/multi-lateral stakeholder group (i.e., 4.6 on a ten point scale for employees of ministries). As with all other countries, there is a correlation between familiarity and positive views of the Bank; it would be worth considering how to improve familiarity in a way that does not translate into blanket outreach, but rather targeted and strategic relationship building, information and knowledge sharing, partnerships, etc.

Overall context

Stakeholders identify governance/transparency as the top development priority in the country. Employment and public/private investment also emerge as top priorities as related to reducing poverty and economic growth. The Country Survey findings suggest that approximately one quarter of stakeholders believe that the Bank is emphasizing public investment, private investment, and governance and transparency.

The largest percentage of respondents think the Bank should emphasize employment, followed by development opportunities beyond Dakar, governance, energy and agriculture.

Overall views of the World Bank

More than six out of ten respondents believe the Bank should be more involved in Senegal's development strategies. As reported in FY 07, the Bank continues to be most valued for its financial resources, followed by its knowledge. However, its greatest weakness continues to be that it is perceived to impose technocratic solutions without regard to political realities. It is interesting to note that more than a third of respondents report that there is not enough public disclosure of its work (this will be interesting to track over time in light of the Bank's Access and Open Data policies); more than a third report that it is too influenced by donor countries' and a third notes that the Bank is too bureaucratic.

Overall effectiveness of the Bank

Ratings for the Bank's effectiveness in Senegal have remained constant at 6.2 on a ten point scale. The highest ratings come from development partners (bi-laterals and multi-laterals) and stakeholders from independent government institutions. The lowest ratings come from academia, NGOs, the media and the office of the President. This is worth noting because these can be very vocal constituencies; assessing these relationships and working to improve their perceptions (through outreach, knowledge sharing, etc.) is worth considering.

Perceptions of the Bank's work in a number of areas have improved significantly. These include agriculture development, public sector, environment and natural resource management, reducing corruption in the country, urban quality of life, and social protection (although these last two are considered areas where the Bank is least effective currently).

How the Bank works

The survey suggests that the greatest frustration with the Bank is related to procurement and the complexity of obtaining financing. Ratings on the Bank's procurement requirements have diminished significantly since FY 07. Having said that, ratings have improved significantly for how efficiently the Bank works and for the monitoring and evaluation of programs and projects it supports.

Regarding collaboration, the Bank is perceived to have improved in terms of how it collaborates with government partners on Bank supported efforts in the country. Ratings have gone down significantly for the way the Bank collaborates with donors (note: the question is worded slightly differently and the ratings are still relatively positive).

The Bank's knowledge

It is interesting to note that when asked where the Bank should focus its knowledge and research, stakeholders identify education as the top area, followed by poverty, agriculture and energy. It is worth noting that other than agriculture, these areas are not considered top development priority areas in Senegal. It is worth exploring how the Bank's knowledge and research in key priority areas can be better shared with, and valued by, stakeholders in the country.

The Bank's communication

It is critical to bring attention to the survey's finding that usage of the World Bank's website has gone down from 89% in FY 07 to 75% today. The Bank's website is a key access point to the organization's knowledge, research, etc. If fewer people are using it, it would be critical to understand why. The survey findings suggest that it is not related to how navigable the site is or whether they can find the information they need. Perhaps it is related to translation or that they are going elsewhere for information.

Annex 12: Overview of Main Trust Funds

Recipient Executed Trust Fund	Amount in US$ thousands	Donor Name	Executed By
Carbon – Senegalese Efficient Lighting Program in Rural areas	1,800	MDTF	Recipient
KCPI – Welfare Impact of Marital Shocks	90	MDTF	Bank
IFC – Senegal Corporate Governance	65	MDTF	Bank
IDF – Senegal Mining Sector Diagnostic & Capacity Building	475.55	IBRD	Recipient
Food Security and Livestock Support	355	MDTF	Bank
KCPII – SN Understanding Skills Acquisition	141	MDTF	Bank
IFC – Fides Senegal TA	700		
Disaster Risk Management and Climate Change Adaptation in Senegal	1,100	MDTF	Recipient
Support to Statistics Implementation and Training	399.35	MDTF	Recipient
KCPII – IE for Senegal Economic Governance	100	MDTF	Bank
SN – Disaster Risk Management – Supervision	140	MDTF	Bank
SN – EITI Implementation	115	USAID	Bank
SN – Poverty and Gender Report	177.10	Belgium (DGDC)	Bank
SN – Struggling against Vulnerability of Children and Youth	79.84	Italy	Bank
SN – Improving the Opportunity for Sustainable Livelihoods of Children and Youth at Risk	1,517.03	Italy	Recipient
Agriculture Finance Support Facility – CMS	1000	Bill and Melinda Gates Foundation	Bank
Agriculture Finance Support Facility – CMS – Supervision	157	Bill and Melinda Gates Foundation	Bank
PPIAF – Senegal Review and updates of SENELEC’s Financial Model	75	MDTF	Bank
ICT for Transformation Senegal	350	Korea	Bank
EWDAF/GATES HANDWASHING	2783.05	Bill and Melinda Gates Foundation	Bank
SN – Agricultural Market Dev – Supervision	185.18	MDTF	Bank
SN – Support to International Health Partnership	25	World Health Organization – WHO	Bank
SN – Statistics for Results Project Preparation	30	MDTF	Bank
GEF – Electricity Services for Rural Areas	5,000	MDTF	Recipient

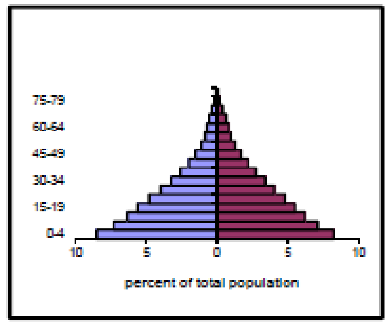
Recipient Executed Trust Fund	Amount in US$ thousands	Donor Name	Executed By
Agriculture Markets and Agribusiness Development	14,100	MDTF	Recipient
SN – Preparation & Supervision for Nutrition Cash Transfer Project	115	MDTF	Bank
Sustainable Land Management	4,800	MDTF	Recipient
EFA – FTI Catalytic Fund	81,500	MDTF	Recipient
EFA – FTI Catalytic – Supervision Fund	325.14	MDTF	Bank
SN – SP – Safety Net Assessment	220	MDTF	Bank
SN Health and Social Financing	75	MDTF	Bank
SN Health and Social Financing	130	MDTF	Bank
IDF – Nutrition: Strengthening Operational Evaluation in Program Implementation	493.45	IBRD	Recipient
33. SN – SP – Safety Net Assessment	100	Belgium	Bank
SN – Skills for Job creation & Competitiveness	87.96	Norway	Bank
TOTAL IN USD thousands	**118,806.65**		

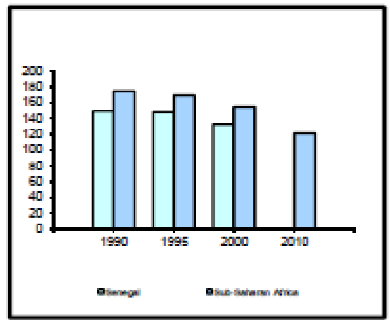
CPS Annex 1: A2 – Senegal at a Glance

Senegal at a glance

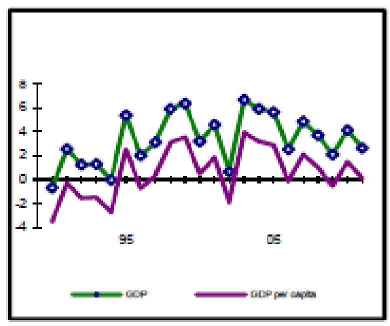
10/10/12

Key Development Indicators	Senegal	Sub-Saharan Africa	Lower middle income
(2011)			
Population, mid-year (millions)	13.2	853	2,519
Surface area (thousand sq. km)	*197*	24,243	23,579
Population growth (%)	2.5	2.5	1.5
Urban population (% of total population)	*42*	37	39
GNI (Atlas method, US$ billions)	13.8	1,004	4,078
GNI per capita (Atlas method, US$)	1,050	1,176	1,619
GNI per capita (PPP, international $)	*1,910*	2,148	3,632
GDP growth (%)	2.6	4.8	6.9
GDP per capita growth (%)	0.1	2.3	5.3
(most recent estimate, 2005–2011)			
Poverty headcount ratio at $1.25 a day (PPP, %)	34	48	..
Poverty headcount ratio at $2.00 a day (PPP, %)	60	69	..
Life expectancy at birth (years)	63	54	65
Infant mortality (per 1,000 live births)	59	76	50
Child malnutrition (% of children under 5)	15	22	25
Adult literacy, male (% of ages 15 and older)	62	71	80
Adult literacy, female (% of ages 15 and older)	39	54	62
Gross primary enrollment, male (% of age group)	84	104	110
Gross primary enrollment, female (% of age group)	84	95	104
Access to an improved water source (% of population)	77	61	87
Access to improved sanitation facilities (% of population)	..	31	47





Net Aid Flows	1980	1990	2000	2011 a
(US$ millions)				
Net ODA and official aid	261	812	431	931
Top 3 donors (in 2010):				
France	108	230	147	157
United States	36	57	23	101
European Union institutions	24	24	42	84
Aid (% of GNI)	7.7	14.7	9.4	7.3
Aid per capita (US$)	46	108	44	72



Long-Term Economic Trends	1980	1990	2000	2011	1980–90	1990–2000	2000–11
Consumer prices (annual % change)	8.7	0.3	0.7	3.4			
GDP implicit deflator (annual % change)	11.0	0.0	1.9	4.3			
Exchange rate (annual average, local per US$)	211.3	272.3	710.1	471.0			
Terms of trade index (2000 = 100)	99	99	100	95			
					(average annual growth %)		
Population, mid-year (millions)	5.6	7.5	9.9	13.2	2.9	2.7	2.6
GDP (US$ millions)	3,503	5,717	4,692	14,475	2.6	3.0	4.1
		(% of GDP)					
Agriculture	17.9	17.9	16.9	13.4	1.9	2.4	2.7
Industry	17.9	19.9	20.5	21.5	3.2	3.8	3.5
Manufacturing	12.0	13.7	12.9	12.6	3.1	3.1	2.0
Services	64.2	62.2	62.7	65.1	2.6	3.0	4.6
Household final consumption expenditure	73.1	79.2	76.0	80.5	3.8	2.6	4.5
General gov't final consumption expenditure	24.8	18.4	12.8	8.7	0.3	0.9	-0.7
Gross capital formation	16.6	9.1	20.5	30.3	0.2	3.5	9.2
Exports of goods and services	23.9	25.4	27.9	24.2	1.6	4.1	3.9
Imports of goods and services	38.4	32.2	37.2	43.8	1.9	2.0	6.5
Gross savings	0.1	-0.5	14.6	21.1			

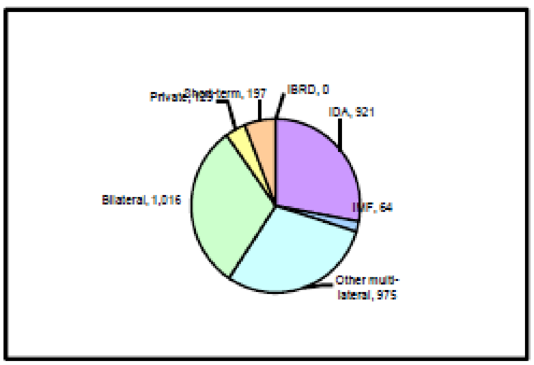
Note: Figures in italics are for years other than those specified. 2011 data are preliminary. .. indicates data are not available.
a. Aid data are for 2010.

Development Economics, Development Data Group (DECDG).

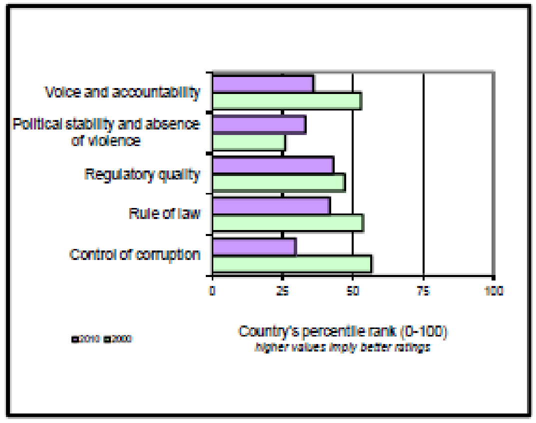
Balance of Payments and Trade	**2000**	**2011**
(US$ millions)		
Total merchandise exports (fob)	922	2,600
Total merchandise imports (cif)	1,517	5,696
Net trade in goods and services	-436	-3,014
Current account balance	-275	-1,517
as a % of GDP	-5.9	-10.5
Workers' remittances and compensation of employees (receipts)	233	*1,346*
Reserves, including gold	385	2,181

Central Government Finance		
(% of GDP)		
Current revenue (including grants)	17.3	20.7
Tax revenue	16.1	19.4
Current expenditure	12.3	18.1
Overall surplus/deficit	-1.4	-8.3
Highest marginal tax rate (%)		
Individual	50	..
Corporate	35	..

External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	3,622	3,331
Total debt service	224	253
Debt relief (HIPC, MDRI)	715	1,696
Total debt (% of GDP)	77.2	23.0
Total debt service (% of exports)	13.9	4.7
Foreign direct investment (net inflows)	..	..
Portfolio equity (net inflows)	..	..



Private Sector Development	**2000**	**2011**
Time required to start a business (days)	–	5
Cost to start a business (% of GNI per capita)	–	63.1
Time required to register property (days)	–	122
Ranked as a major constraint to business	**2000**	**2010**
(% of managers surveyed who agreed)		
Access to/cost of financing	*71.0*	..
Tax rates	*50.0*	..
Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	9.9	10.0



Technology and Infrastructure	**2000**	**2010**
Paved roads (% of total)	29.3	*32.0*
Fixed line and mobile phone subscribers (per 100 people)	5	70
High technology exports (% of manufactured exports)	7.3	1.2

Environment		
Agricultural land (% of land area)	45	*49*
Forest area (% of land area)	..	..
Terrestrial protected areas (% of land area)	24.1	24.1
Freshwater resources per capita (cu. meters)	*2,574*	*2,131*
Freshwater withdrawal (billion cubic meters)	..	..
CO2 emissions per capita (mt)	0.41	*0.42*
GDP per unit of energy use (2005 PPP $ per kg of oil equivalent)	6.0	*7.1*
Energy use per capita (kg of oil equivalent)	252	*243*

World Bank Group portfolio	**2000**	**2010**
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	1	–
Disbursements	0	–
Principal repayments	3	–
Interest payments	0	–
IDA		
Total debt outstanding and disbursed	1,330	921
Disbursements	92	70
Total debt service	19	17
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	23	56
of which IFC own account	13	52
Disbursements for IFC own account	5	1
Portfolio sales, prepayments and repayments for IFC own account	2	13
MIGA		
Gross exposure	–	117
New guarantees	0	99

Note: Figures in italics are for years other than those specified. 2011 data are preliminary. 10/10/12
.. indicates data are not available. – indicates observation is not applicable.

Development Economics, Development Data Group (DECDG).

CPS Annex 2: B2 –Senegal Selected Indicators* of Bank Portfolio Performance and Management

As Of Date
10/4/2012

Indicator	**2010**	**2011**	**2012**	**2013**
Portfolio Assessment				
Number of Projects Under Implementation [a]	20	19	14	14
Average Implementation Period (years) [b]	3.4	4.0	3.8	3.9
Percent of Problem Projects by Number [a, c]	15.0	10.5	7.1	7.1
Percent of Problem Projects by Amount [a, c]	19.2	11.0	5.7	5.1
Percent of Projects at Risk by Number [a, d]	20.0	15.8	7.1	7.1
Percent of Projects at Risk by Amount [a, d]	20.5	13.0	5.7	5.1
Disbursement Ratio (%) [e]	14.8	24.8	18.0	2.6
Portfolio Management				
CPPR during the year (yes/no)	No	No	Yes	Yes
Supervision Resources (total US$)	4,100,000	4,100,000	4,100,000	4,100,000
Average Supervision (US$/project)	95,000	95,000	95,000	95,000

Memorandum Item	**Since FY 80**	**Last Five FYs**
Proj Eval by IEG by Number	92	7
Proj Eval by IEG by Amt (US$ millions)	2,555.5	416.5
% of IEG Projects Rated U or HU by #	28.3	42.9
% of IEG Projects Rated U or HU by US$	24.9	36.8

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

CPS Annex 3: B5 – Senegal Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2004-10	Sub-Saharan Africa	Lower-middle-income
POPULATION					
Total population, mid-year (millions)	6.2	8.4	12.4	853.4	2,518.70
Growth rate (% annual average for period)	2.8	2.9	2.7	2.5	1.6
Urban population (% of population)	37.5	39.8	42.9	37.4	39.4
Total fertility rate (births per woman)	7.1	6.1	4.8	4.9	2.9
POVERTY *(% of population)*					
National headcount index	..	67.9	50.8		
Urban headcount index	..	..	35.1		
Rural headcount index	..	71	61.9		
INCOME					
GNI per capita (US$)	440	580	1,080	1,188	1,623
Consumer price index (2005=100)	62	86	115	147	140
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	41.4	39.2		
Lowest quintile (% of income or consumption)	..	6.5	6.2		
Highest quintile (% of income or consumption)	..	48.4	45.9		
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	1.3	3.1	2.9	1.7
Education (% of GDP)	..	..	5.6	5	4
Net primary school enrollment rate *(% of age group)*					
Total	41	46	75	75	85
Male	48	51	73	77	87
Female	33	39	78	73	83
Access to an improved water source *(% of population)*					
Total	..	63	72	61	87
Urban	..	89	93	83	93
Rural	..	46	56	49	83
Immunization rate *(% of children ages 12-23 months)*					
Measles	..	80	60	75	80
DPT	..	80	70	77	79
Child malnutrition (% under 5 years)	..	22	15	22	25
Life expectancy at birth *(years)*					
Total	51	54	59	54	65
Male	50	53	58	53	64
Female	52	55	60	55	67
Mortality					
Infant (per 1,000 live births)	78	68	50	76	50
Under 5 (per 1,000)	165	134	75	121	69
Adult (15-59)					
Male (per 1,000 population)	..	..	291	379	244
Female (per 1,000 population)	..	..	239	346	175
Maternal (modeled, per 100,000 live births)	..	690	410	650	300
Births attended by skilled health staff (%)	..	47	52	46	57

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

World Development Indicators database, World Bank - 17 April 2012.

CPS Annex 4: B6 - Key Economic Indicators

Fiscal Developments and Projections, 2000-2015

	2000	2001	2002	2003	2004	2005	2006	2007 Act.	2008 Act.	2009 Act.	2010 Act.	2011 Est	2012 Proj	2013 Proj	2014 Proj	2015 Proj
								(In precent of GDP)								
Total revenue and grants	18.8	18.6	19.5	20.0	20.4	20.8	21.2	23.6	21.6	21.6	22.0	22.4	23.8	23.4	23.6	23.8
Revenue	16.9	16.9	17.9	18.1	18.3	19.2	19.7	21.1	19.2	18.6	19.4	20.2	20.9	20.7	20.9	21.1
Tax revenue	16.1	16.1	16.9	17.0	17.4	18.6	18.8	20.1	18.2	18.0	18.8	19.5	20.2	19.7	19.9	20.1
Nontax revenue	0.8	0.7	1.0	1.1	0.9	0.6	0.8	0.9	1.1	0.6	0.7	0.7	0.7	1.0	1.0	1.0
Grants	1.9	1.7	1.7	2.0	2.1	1.6	1.5	2.6	2.3	3.0	2.5	2.2	2.9	2.6	2.7	2.7
Budgetary	0.4	0.0	0.1	0.5	0.4	0.3	0.2	1.0	0.7	0.8	0.3	0.5	0.7	0.4	0.4	0.4
Budgeted development projects	1.5	1.7	1.6	1.5	1.6	1.4	1.3	1.6	1.7	2.3	2.2	1.7	2.3	2.2	2.2	2.2
Total expenditure and net lending	18.1	20.8	20.1	21.6	23.3	24.1	27.2	27.6	26.4	26.6	27.1	29.1	29.7	28.2	27.9	27.7
Current expenditure	12.3	14.4	12.9	13.3	13.3	13.8	16.9	16.3	16.3	16.5	15.6	18.1	17.7	16.4	16.0	15.3
Wages and salaries 1/	5.3	5.0	5.4	5.1	5.1	5.6	5.8	6.0	5.8	6.0	6.2	6.3	6.3	6.1	6.1	6.1
Interest due	1.4	0.8	1.1	1.1	1.1	0.9	0.9	0.6	0.7	0.8	0.9	1.5	1.7	1.6	1.6	1.5
Of which: external 2/	1.2	0.7	1.0	1.0	1.0	0.8	0.7	0.4	0.4	0.4	0.6	0.7	0.8	0.8	0.7	0.7
Other current expenditure	5.7	8.6	6.4	7.0	7.1	7.3	10.2	9.6	9.9	9.7	8.5	10.3	9.7	8.7	8.4	7.7
Transfers and subsidies 3/	2.8	5.0	3.7	3.5	3.5	3.6	6.3	5.3	5.6	4.8	3.8	4.9	4.5	3.8	3.5	2.8
Of which: SAR and butane subsidy	0.0	0.0	0.0	0.0	0.2	0.3	1.3	1.0	1.2	0.5	0.0	0.2	0.1	0.0	0.0	0.0
Of which: SENELEC	0.0	2.9	0.0	0.0	0.0	0.5	1.8	0.0	0.5	0.5	0.0	1.8	1.4	1.0	0.7	0.1
Goods and services	2.9	3.6	2.7	3.5	3.5	3.6	3.8	4.0	4.0	4.8	4.6	5.2	5.1	4.8	4.8	4.7
HIPC and MDRI current spending	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.3	0.4	0.1	0.2	0.2	0.2	0.2	0.1	0.1
Capital expenditure	5.6	6.5	7.4	8.5	9.7	9.9	9.7	11.2	9.9	10.1	11.5	10.5	12.1	11.8	11.9	12.4
Domestically financed	3.2	3.7	4.0	4.8	5.2	6.3	6.9	7.2	5.2	6.1	6.9	7.0	7.0	6.7	6.8	7.4
Externally financed	2.4	2.8	3.4	3.7	4.5	3.7	2.8	3.9	4.7	3.9	4.7	3.6	5.1	5.2	5.1	5.0
Net lending	0.1	-0.1	-0.2	-0.2	0.3	0.4	0.6	0.1	0.1	0.0	0.0	0.4	-0.1	0.0	0.0	0.0
Selected public sector entities balance	0.0	0.0	0.0	0.3	-0.2	0.3	0.3	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Primary fiscal balance	2.1	-1.4	0.5	-0.2	-2.0	-2.1	-4.8	-3.0	-3.9	-4.1	-4.3	-5.1	-4.1	-3.2	-2.8	-2.4
Overall fiscal balance (including grants)	0.7	-2.2	-0.6	-1.3	-3.1	-3.0	-5.7	-3.6	-4.6	-4.9	-5.2	-6.7	-5.8	-4.8	-4.4	-4.0
Overall fiscal balance (excluding grants)	-1.2	-4.0	-2.3	-3.3	-5.2	-4.6	-7.2	-6.2	-6.9	-7.9	-7.8	-8.9	-8.8	-7.5	-7.0	-6.6
Basic fiscal balance	1.5	-1.0	1.3	0.3	0.0	-0.6	-4.0	-0.7	-0.6	-2.7	-2.1	-3.9	-2.6	-1.4	-1.0	-0.7
Financing	-0.7	2.2	0.6	1.3	3.1	3.0	5.7	3.6	4.6	4.9	5.2	6.7	5.8	4.8	4.4	4.0
External financing	0.5	1.5	1.5	1.7	3.3	3.5	2.5	2.4	3.7	3.7	2.7	6.2	4.7	5.2	4.5	4.3
Domestic financing	-0.6	0.3	-2.0	-0.3	-0.2	-0.6	3.2	1.1	2.1	2.6	2.7	0.2	1.2	-0.4	-0.1	-0.3
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	-0.6	0.4	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Memorandum item:																
Gross domestic product (billions of CFA francs)	3332	3575	3718	3986	4243	4582	4893	5408	5994	6029	6369	6818	7225	7718	8286	8921

Source: Authorities, IMF and World Bank staff projections.

Selected Economic Indicators, 2005-2015

	2005 Act.	2006 Act.	2007 Act.	2008 Act.	2009 Act.	2010 Act.	2011 Est	2012 Proj	2013 Proj	2014 Proj	2015 Proj
National Accounts (growth rates, %)											
Agriculture	11.0	-8.4	-5.8	19.5	11.4	5.0	-10.8	8.9	6.1	5.4	4.5
Industry	2.5	0.5	6.6	-1.1	3.5	5.5	7.2	2.7	5.3	6.1	6.2
Services	5.6	5.4	6.4	2.5	-0.2	3.5	4.1	3.0	3.6	4.3	4.7
GDP at market prices	5.6	2.5	4.9	3.2	2.2	4.2	2.6	3.7	4.3	4.8	5.0
Real per capita GDP	3.1	0.0	2.4	0.7	-0.3	1.7	0.1	1.2	1.8	2.3	2.5
Annual average inflation (%)	1.7	2.1	5.9	5.8	-1.7	1.2	3.4	2.5	2.1	2.1	2.1
National Accounts (% GDP at current market prices)											
Gross domestic investment	29.6	28.2	34.0	34.1	27.9	29.5	28.5	30.1	29.9	30.1	30.6
Public investment	10.0	9.7	11.2	10.0	10.1	11.5	10.5	12.1	11.8	11.9	12.4
Private investment	19.6	18.5	22.8	24.1	17.8	18.0	18.0	18.0	18.1	18.2	18.2
Increental Capital Output Ration (ICOR)	5.3	11.5	6.9	10.7	12.9	7.0	11.0	8.2	7.0	6.2	6.1
Gross domestic savings	14.1	10.7	11.6	7.6	10.9	14.2	12.2	12.7	13.5	14.3	15.6
Gross national savings	21.8	18.6	22.4	20.1	20.9	25.3	22.3	22.3	22.8	23.3	24.1
Balance of Payments (% GDP at current market prices)											
Current account balance (including current official transfers)	-7.8	-9.4	-11.8	-14.3	-6.7	-4.4	-6.4	-7.8	-6.6	-6.4	-6.4
Current account balance (excluding current official transfers)	-9.3	-10.4	-13.2	-15.3	-7.5	-5.4	-7.1	-8.4	-7.2	-7.0	-6.9
Debt Indicators											
Total Public Debt to GDP	45.7	22.0	24.5	24.9	35.0	35.7	40.8	45.7	47.5	48.5	48.8
External Public Debt to GDP	42.4	17.7	17.9	19.6	26.9	27.5	29.5	33.4	35.4	36.3	36.7
External Public Debt Service/Export of Good and non Factor Services	5.6	4.2	5.7	4.3	5.0	4.8	7.1	7.4	7.2	11.6	6.7
Gross Official Reserves in months of imports	4.1	3.8	3.4	3.2	3.9	4.0	3.8	3.7	3.7	3.7	3.7
Government finance (% GDP at current market prices)											
Current revenues	19.3	19.7	21.1	19.2	18.6	19.4	20.2	20.9	20.7	20.9	21.1
Current expenditures	13.9	16.9	16.3	16.3	16.5	15.6	18.1	17.7	16.4	16.0	15.3
o/w wages and salaries	5.6	5.8	6.0	5.8	6.0	6.2	6.3	6.2	6.3	6.1	6.1
Capital expenditures	10.0	9.7	11.2	9.9	10.1	11.5	10.5	12.1	11.8	11.9	12.4
Overall fiscal balance excluding grants (commit. basis)	-4.6	-7.2	-6.2	-6.9	-7.9	-7.8	-8.9	-8.8	-7.5	-7.0	-6.6
Overall fiscal balance including grants (commitment basis)	-3.0	-5.7	-3.7	-4.6	-4.9	-5.2	-6.7	-5.8	-4.8	-4.4	-4.0
External borrowing (net)	3.5	2.5	2.4	3.7	3.7	2.7	6.2	5.4	5.2	4.5	4.3
Domestic borrowing (net)	-0.6	3.2	1.1	2.1	2.6	2.7	0.2	1.4	-0.4	-0.1	-0.3
Monetary indicators											
Broad money (M2) (% annual growth)	7.4	12.7	12.7	1.7	10.9	14.1	12.4	14.6	6.4	6.9	7.1
Credit to the economy (% annual growth)	24.5	4.2	4.9	-3.5	4.2	10.4	18.8	6.9			
Velocity (GDP/M2; end of period)	3.0	2.8	2.7	3.0	2.7	2.5	2.4	2.2	2.2	2.2	2.2
HIPC Initiative expenditures (% GDP at current market prices)	1.5	0.7	1.4	1.4	1.1	0.9	0.8	0.8	0.8	0.7	0.7
Current social expenditures (% GDP at current market prices)											
Education	5.1	4.5	5.0	4.7	5.1	5.1	5.1	..	..	..	..
Health	1.3	0.9	1.0	1.0	1.5	1.2	1.2	..	..	..	..
Current military spending (% of GDP at current market prices)	1.3	1.4	1.6	1.4	1.4	1.3	1.3	..	..	..	..
Memo:											
GDP at current market prices (billions of CFA F)	4582	4893	5408	5994	6029	6369	6818	7243	7718	8286	8921

Source: Authorities, IMF and World Bank staff projections

CPS Annex 5: B7 - Key Exposure Indicators

Senegal - Key Exposure Indicators

Indicator	Actual				Estimated		Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total debt outstanding and disbursed (TDO) (US$m)a	2589	2868	3107	3302	3331	3279	3172	3070	2937
Net disbursements (US$m)a	-133	-135	-76	-70	-56	-46	-35	-25	-16
Total debt service (TDS) (US$m)a	133	135	76	70	56	46	35	25	16
Debt and debt service indicators (%)									
TDO/XGSb	61.9	55.4	65.0	64.3	61.9	58.9	54.5	51.1	46.8
TDO/GDP	22.8	21.6	24.3	25.6	23.0	23.0	21.3	19.3	17.1
TDS/XGS	3.2	2.6	1.6	1.4	1.0	0.8	0.6	0.4	0.3
Concessional/TDO	73.4	75.2	76.7	76.3	77.8	79.0	80.2	80.5	80.8
IBRD exposure indicators (%)									
IBRD DS/public DS	..	..	..	..	..	..	..	..	..
Preferred creditor DS/public DS (%)c	100.0	100.0	..	100.0	100.0	100.0	100.0	100.0	100.0
IBRD DS/XGS	..	..	..	..	..	..	..	..	..
IBRD TDO (US$m)d	..	..	..	..	..	..	..	..	..
Of which present value of guarantees (US$m)									
Share of IBRD portfolio (%)	..	..	..	..	..	..	..	..	..
IDA TDO (US$m)d	663	791	860	921	964	995	1016	1026	1025
IFC (US$m)									
Loans									
Equity and quasi-equity /c									
MIGA									
MIGA guarantees (US$m)									

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

CPS Annex 6: B8 – Operations Portfolio (IBRD/IDA and Grants)

	Annex B8 –SENEGAL: Operations : Portfolio (IBRD/IDA and Grants) as of 10/09/12									
Closed Projects	**117**									
Total Disbursed (Active)	203.84									
of which has been repaid	0									
Total Disbursed (Closed)	1,154.60									
of which has been repaid	124.74									
Total Disbursed (Active + Closed)	1,358.44									
of which has been repaid	124.74									
Total Undisbursed (Active)	478.2									
Total Undisbursed (Closed)	0									
Total Undisbursed (Active + Closed)	478.2									
Active Projects									**Difference Between**	
		Last PSR							**Expected and Actual**	
		Supervision Rating			Original Amount in US$ Millions				**Disbursements** [a/]	
Project Name	**Project ID**	**DO**	**IP**	**Fiscal Year**	**IDA**	**GRANT**	**Cancel.**	**Undisb.**	**Orig.**	**Frm Rev'd**
SN-Second Sust. & Part. En. Mngt (SIL)	P120629	S	S	2010	15			12.55912		
SN - Economic Governance Project	P113801	MS	MS	2010	8			5.960463	2.0028622	
SN - Electricity Sector Support (FY12)	P125565	#	#	2013	85			85.27592		
SN-Agr Markets & Agribus Dev (FY06)	P083609	S	S	2006	45			13.03635	-0.679796	
SN-Dakar -Diamniado Toll Highway Project	P087304	MS	S	2009	105			62.04201	17.717278	11.38394
SN-Elec. Serv. for Rural Areas (FY05)	P085708	MU	MU	2005	29.9			15.36928	13.758406	12.82607
SN-GEF Elec Srvc for Rural Areas (FY05)	P070530	MU	MU	2005		5		4.183668	4.1836679	
SN-Local Authorities Development Program	P084022	MS	MS	2007	80			25.19182	22.090165	3.171901
SN-Nutr Enhanc. Prog II - APL (FY07)	P097181	HS	HS	2007	25			9.955141	-0.544136	
SN-Stormwater Mgt & Climate Change	P122841	#	#	2012	55.6			55.29677		
SN-Sustainable Land Management GEF (SIP)	P108144	MS	MS	2010		4.8		0.017085	0.0170853	
SN-Transport & Urban Mobility (FY10)	P101415	S	MS	2010	55			48.98188	20.659713	
SN-Water and Sanitation SIL (FY10)	P109986	S	S	2010	55			36.03444	2.1986208	
SN: Tertiary Educ. for Results (FY11)	P123673	S	S	2011	101.3			95.58834	10.186665	
SN:Public Res.Management StrengtheningTA	P122476	S	S	2011	15			12.90948	-1.647514	
Overall Result					**674.8**	**9.8**		**482.4018**	**87.39678**	**27.38191**

CPS Annex 7: B8 - IFC Committed and Disbursed Outstanding Investment Portfolio

Senegal
Committed and Disbursed Outstanding Investment Portfolio
As of 9/30/2012

		Committed					Disbursed Outstanding				
FY Commitment	Institution	Loan	Equity	Quasi Equity**	GT/RM*	Participant	Loan	Equity	Quasi Equity**	GT/RM*	Participant
-	-	-	-	-	-	- -	-	-	-	-	-
2012/ 2013	CBAO Attijari	-	-	-	9.03	-	-	-	-	9.03	-
2010	COMASEL St Louis	-	0.68	-	-	-	-	0.63	-	-	-
2008	Chain Hotel	6.39	-	-	-	-	6.39	-	-	-	-
2011	Comasel de Louga	-	0.80	-	-	-	-	0.22	-	-	-
2009/ 2010/ 2012/ 2013	Ecobank Senegal1	-	-	-	8.36	-	-	-	-	8.36	-
2010	GRIMAS	1.41	-	-	-	-	0.97	-	-	-	-
1998/ 1999/ 2000/ 2002	GTI Dakar	2.84	0.17	-	1.20	3.42	2.84	0.00	-	1.17	3.42
2006	Kounoune	10.06	-	-	-	-	10.06	-	-	-	-
2010/ 2011	MC Senegal	3.50	1.21	-	-	-	3.50	1.21	-	-	-
2012	Patisen	-	3.24	10.98	-	-	-	3.24	10.98	-	-
2011	SENAC	15.54	-	12.92	5.72	-	5.56	-	5.28	3.16	-
2011	St.LouisFinances	-	0.52	-	-	-	-	0.27	-	-	-
Total Portfolio		**39.74**	**6.62**	**23.91**	**24.32**	**3.42**	**29.31**	**5.57**	**16.26**	**21.72**	**3.42**

* Denotes Guarantee and Risk Management Products

**Quasi Equity includes both loan and equity types

SENEGAL MIGA EXPOSURE

Guarantee Program

MIGA Outstanding Exposure (Gross Exposure, $ million)

As of end of fiscal year	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 through 2/29/12
Sectoral Distribution									
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	0.0	15.1	13.5	1.8	0.0	0.0	98.6	98.6	163.4
Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil & Gas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agribusiness/Manufacturing/Services/Tourism	2.8	0.0	0.0	0.0	0.0	9.8	8.5	10.0	9.3
	2.8	15.1	13.5	1.8	0.0	9.8	107.1	108.6	172.7
MIGA's Risk Profile									
Transfer Restriction	0.0	0.0	0.0	0.0	0.0	9.8	106.0	83.8	73.7
Expropriation	2.8	15.1	13.5	1.8	0.0	9.8	106.0	83.8	73.7
War & Civil Disturbance	0.1	15.1	13.5	1.8	0.0	9.8	107.1	83.8	73.7
Breach of Contract	0.0	2.3	2.4	1.8	0.0	9.8	106.0	83.8	73.7
MIGA's Gross Exposure in Country	2.8	15.1	13.5	1.8	0.0	9.8	107.1	83.8	172.7
% Share of MIGA's Gross Exposure	0.1%	0.3%	0.3%	0.0%	0.0%	0.1%	1.4%	0.9%	1.8%
MIGA Net Exposure in Country	2.5	13.6	12.1	1.6	0.0	9.8	107.1	73.9	145.2
% Share of MIGA's Net Exposure	0.1%	0.4%	0.4%	0.1%	0.0%	0.2%	2.5%	1.4%	2.5%

AUGUST 2010
IBRD 33475R1