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Report No: ICR00006057

IMPLEMENTATION COMPLETION AND RESULTS REPORT

Credit Number 6019-SN

ON A

CREDIT

IN THE AMOUNT OF EURO69.80 MILLION

(US$74 MILLION EQUIVALENT)

TO THE

Republic of Senegal

FOR THE

Senegal Tourism and Enterprise Development Project
March 7, 2023

Finance, Competitiveness And Innovation Global Practice
Western And Central Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective November 30, 2022)

Currency Unit	= CFAF
CFAF 634 =	US$1
US$1 =	SDR 1.31

FISCAL YEAR
July 1 - June 30

Regional Vice President:	Ousmane Diagana
Country Director:	Luc Lecuit
Regional Director:	Abebe Adugna Dadi
Practice Manager:	Consolate K. Rusagara
Task Team Leader(s):	Farah Dib, Isabelle Celine Kane
ICR Main Contributor:	Edward Philip English

ABBREVIATIONS AND ACRONYMS

ADEPME	*Agence de Développement et d'Encadrement des Petites et Moyennes Entreprises*
APIX	*Agence pour la Promotion des Investissements et des Grands Travaux*
ASPT	*Agence Sénégalaise de Promotion Touristique*
BPC	Business Plan Competition
COVID-19	Coronavirus disease
ESIA	Environmental and Social Impact Assessment
FCI	Finance, Competitiveness, and Innovation Global Practice
IDA	International Development Association
ISR	Implementation Status and Results Report
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprise
OSS	One-Stop Shop
PAD	Project Appraisal Document
PDO	Project Development Objective
PPA	Project Preparation Advance
SAPCO	*Société d'Aménagement et de Planification des Côtes et zones touristiques du Sénégal*
SMAF	Senegal Market Access Facility
SME	Small and Medium Enterprise
TEDP	Tourism and Enterprise Development Project
TTL	Task Team Leader
URL	Urban, Resilience and Land Global Practice

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DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P146469	Senegal Tourism and Enterprise Development Project
Country	**Financing Instrument**
Senegal	Investment Project Financing
Original EA Category	**Revised EA Category**
Full Assessment (A)	Full Assessment (A)

Organizations

Borrower	Implementing Agency
Ministere des Finances et du Budget	Agence de Developpement et d'Encadrement des Petites et Moyennes Entreprises, Agence pour la Promotion des Investissements et des Grands Travaux (APIX), Minsitere du Tourisme et des Transports Aeriens

Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to create conditions necessary to increase private investment in tourism in the â Salyâ area, and strengthen enterprise development in Senegal.

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Financing			
IDA-60190	74,000,000	74,000,000	74,872,652
Total	**74,000,000**	**74,000,000**	**74,872,652**
Non-World Bank Financing			
Total	**0**	**0**	**0**
Total Project Cost	**74,000,000**	**74,000,000**	**74,872,652**

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
26-Apr-2017	31-Aug-2017	13-Jan-2020	30-Jun-2022	30-Jun-2022

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
16-Jul-2020	37.79	Change in Results Framework Reallocation between Disbursement Categories

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Modest

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	03-Nov-2017	Satisfactory	Satisfactory	2.02
02	10-May-2018	Moderately Satisfactory	Moderately Satisfactory	5.24
03	11-Nov-2018	Moderately Satisfactory	Moderately Satisfactory	5.29

04	28-May-2019	Moderately Unsatisfactory	Moderately Unsatisfactory	9.31
05	05-Dec-2019	Moderately Unsatisfactory	Moderately Unsatisfactory	25.13
06	15-Feb-2020	Moderately Unsatisfactory	Moderately Unsatisfactory	26.74
07	29-Jun-2020	Moderately Satisfactory	Moderately Satisfactory	37.79
08	19-Dec-2020	Moderately Satisfactory	Satisfactory	45.63
09	17-Jun-2021	Moderately Satisfactory	Satisfactory	55.86
10	20-Dec-2021	Moderately Satisfactory	Satisfactory	60.82
11	28-Jun-2022	Moderately Satisfactory	Satisfactory	70.15

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Industry, Trade and Services	**100**
Public Administration - Industry, Trade and Services	16
Tourism	58
Other Industry, Trade and Services	26

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Economic Policy	**14**
Trade	14
Trade Facilitation	14
Private Sector Development	**92**
Business Enabling Environment	92
Investment and Business Climate	24
Regulation and Competition Policy	74
Enterprise Development	20
Entrepreneurship	20
MSME Development	14

ADM STAFF

Role	At Approval	At ICR
Regional Vice President:	Makhtar Diop	Ousmane Diagana
Country Director:	Louise J. Cord	Luc Lecuit
Director:	Anabel Gonzalez	Abebe Adugna Dadi
Practice Manager:	Rashmi Shankar	Consolate K. Rusagara
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ICR Contributing Author:		Edward Philip English

I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Context

1. **Economic growth had been relatively weak and volatile in Senegal in the past but was improving by 2015**. Over the past 25 years, Gross Domestic Product (GDP) growth in Senegal had been below the average of Sub-Saharan Africa (SSA) and other emerging developing countries. With population growth at about 2.8 percent annually in the 1990–2015 period, real GDP per capita only increased by 17 percent in Senegal since 1990, against 45 percent on average in SSA. However, by 2015 Senegal's growth performance started to improve, with GDP growth reaching 6.5 percent in 2015, and forecast to be 6.6 percent for 2016. This positive trend was largely driven by a healthy services sector, strong performance in agriculture (because of favorable rains in particular), as well as strong private consumption and advantageous terms of trade. Exports also contributed substantially, increasing by almost 16 percent in volume in 2015. However, this improved economic performance had not translated into substantially higher job creation. It was estimated that about 200,000 jobs must be created each year to absorb new entrants to the job market and forestall youth migration.

2. **The long-term underperformance of the Senegalese economy reflected enduring structural constraints arising from weaknesses in sector policies, the business environment, and continued infrastructure gaps including in energy, transport, and communications**. While macroeconomic policy had been adequate, limited fiscal space and strict monetary arrangements provided little room to spur growth. Improving the business climate was a priority for the Government, and Senegal had recently been recognized as a top reformer, but the country still ranked in the lower part of global rankings.

3. **To address these challenges, the Government adopted in 2014 a new and comprehensive national development strategy, the Emerging Senegal Plan (*Plan Sénégal Emergent, PSE*)**. This plan focused on private sector-driven growth to enhance productivity and the competitiveness of the economy, for which tourism, agriculture, export generation, construction, mining, and information and communication technology were identified as critical sectors. These objectives were to be achieved by tackling key constraints to firm formation and growth, in particular among micro, small, and medium enterprises (MSMEs), protecting economic investments and activities against climate impacts, and identification and removal of other sectoral constraints.

4. **The initial plan for the proposed project was to focus on export development and competitiveness, including improvements in the investment climate.** When the Ebola epidemic in a few West African countries scared off tourists across Africa, this was seen as an opportunity to add a tourism component to the project to help drive recovery and improve the competitiveness of a sector identified as priority in the PSE. Tourism was one of the top foreign exchange earners and sources of private sector jobs in Senegal which had lost its competitiveness and share of the African tourist market. The leisure tourism industry had experienced no real growth for 10 years.[1] The sector faced a series of critical challenges because of a near absence of public sector attention and resources. Challenges included a lack of effective marketing and promotion, overdependence on a few markets, and limited capacity in key public agencies. Many mid-range hotels had failed to upgrade their facilities to respond to changing market demands. There was clearly a need for greater public support, including

[1] Reliable data distinguishing between leisure and other forms of tourism do not exist, but the sector analysis in Annex 6 of the PAD arrived at this conclusion after discussions with the industry.

new strategies and improved marketing, as well as private investment. However, the foundation of the leisure tourism industry was the country's beautiful beaches, and these were under attack. Sea-level changes and increased intensity of storm surges were causing damage all along the coast. Severe beach erosion contributed to a contraction in demand, coupled with the 2014 Ebola threat and fears of terrorism, leaving a substantial component of the industry in near crisis. And global climate change threatened continued rises in sea levels and ever more violent storms.

5. **This then led to discussion around the critical role that coastal erosion was playing in undermining the main tourist station of Saly-Portudal.** This resort accounted for roughly half of all leisure tourism in the country and was at the heart of its tourism brand.[2] Yet, the shoreline was receding by as much as six meters per year in the most affected areas, forcing some hotels to close down.[3] Individual protective actions by hotels tended to aggravate the situation for their neighbors, while only providing limited benefits given the inadequate financial resources available. Furthermore, there were significant positive externalities to be gained for the broader community from a renewed tourism sector. Given the impossibility of collective action to tackle the problem, a coordinated, publicly funded intervention was necessary. Without such an intervention, other support to the sector could be wasted. **Consequently, an important infrastructure component was added to restore the beach**, as was recommended in a technical study.[4]

Theory of Change (Results Chain)

6. **Reversing beach erosion at the primary tourism destination in Senegal was critical to revitalizing the sector**. The ongoing beach erosion in Saly and other tourist destinations along the Petite Côte in 2015 was a pressing issue, given its current and future impact on investments and jobs. Saly represented the nucleus of the tourism industry in Senegal, accounting for most international leisure tourist arrivals. Its disappearing beach was affecting the overall image of the country as a tourism destination. Several hotels were forced to close, while others struggled to attract clients. Taking strong and sustained actions on a coastal climate resilience strategy that addressed the ongoing erosion would help protect Senegal's main tourism destination and reaffirm the country as a competitive destination worthy of further investment. Without action, the situation would only get worse due to climate change. Increased storm damage along the coastline was to be expected because of sea-level rise and increased storm surge. Infrastructure investment to restore the beach would need to be supported by various measures to improve management of the sector. Considerable work on analysis, strategy development, marketing and capacity-building was sorely needed.

7. **Other export sectors represented additional drivers of growth and job creation**. Senegal's performance in international markets was relatively weak and below potential despite having relatively productive enterprises and access to major export markets through partnerships. Export products had shifted toward less sophisticated goods requiring lower levels of human capital and technological content, and non-commodity export performance was hampered by low firm-level export intensity. Results from the 2016 Investment Climate Assessment estimated that only 15 percent of formal firms participated in exports, while direct exports constituted a mere 2.5 percent of the country's total sales. Efforts were needed to strengthen the country's exports and help a larger pool of export-oriented businesses seize opportunities in international markets.

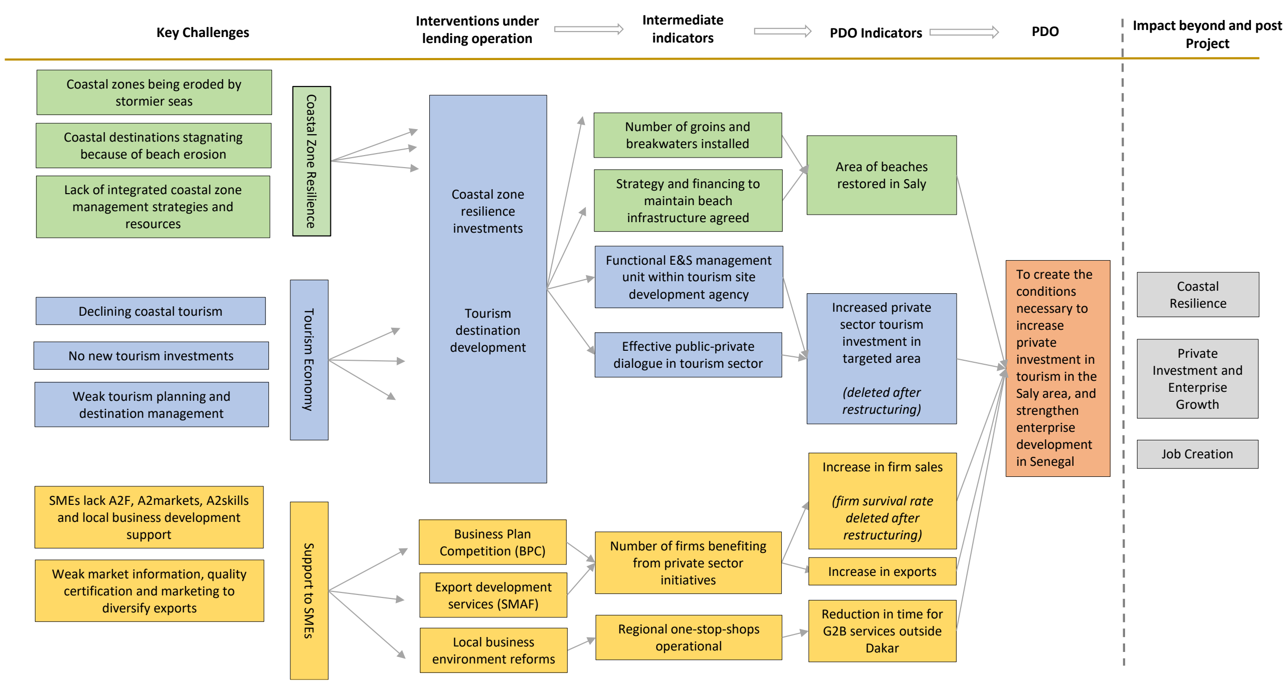
[2] In 2016, 56 percent of the beds outside of Dakar were in the Thies-Diourbel region, for which Saly is the main tourism destination. Dakar is primarily business tourism.
[3] A study commissioned by the World Bank in 2013 on the impact of climate change on three pilot sites, including Saly, concluded that by 2080, with just the forecast sea level rise, 60% of the current beaches in Saly could disappear.
[4] The same study also concluded that at Saly, the net present value in 2080 caused by temporary or permanent marine submersion (due to storm surge or to sea level rise, respectively) would amount to approximately 10 billion FCFA (20 million USD). The creation of elevated artificial beaches would lead to a neutral economic balance (cost equal to the avoided damage).

8. **There was also a more general need to encourage the creation of formal sector businesses**. The Government's PSE recognized the importance of private sector-led development to generate growth and jobs and contribute to structural transformation. It identified a variety of opportunities in agriculture, agri-business, manufacturing, and information technology in addition to tourism. This would require low-cost access to financing for new entrepreneurs, supported by technical assistance. The impact could be further enhanced by improving the overall investment climate to facilitate firm creation, and the formalization of informal enterprise, notably beyond Dakar.

9. **The Tourism and Enterprise Development Project expected to generate positive externalities on jobs and incomes and bolster shared prosperity, especially through support for enterprise growth, sustainable tourism development, and by addressing the climate change-related risks and impacts**. The project expected to contribute to an enhanced business environment that would enable private sector-driven growth in tourism and other sectors and be key for long-term job creation. More and better jobs would, in turn, lead to poverty reduction and shared prosperity. The proposed operation also contributed to the objectives of the World Bank's 2013–2017 Country Partnership Strategy, which supported the Government's efforts to accelerate growth and create jobs, including through an improved business environment and increased private investment.

10. **An explicit theory of change was not required when this project was approved**. However, the team worked on a draft during project preparation. It has been updated here to reflect the final project design and is presented below (see Figure 1).

Figure 1: Theory of Change



Project Development Objectives (PDOs)

11. **The Project Development Objective (PDO) was to create conditions necessary to increase private investment in tourism in the 'Saly' area and strengthen enterprise development in Senegal**. The project sought to complement other ongoing reforms that promote economic development and ultimately expand private-sector-led job creation. It therefore tackled challenges that had a negative impact on the competitiveness of the tourism sector and would contribute to reducing constraints that inhibited enterprise development and growth and exports.

Key Expected Outcomes and Outcome Indicators

12. **The PDO consisted of two development outcomes originally supported by five outcome indicators.**

Objective 1: "Create conditions necessary to increase private investment in tourism in the 'Saly' area". The key PDO indicators were:

PDO indicator 1. Net area of beaches gained due to protection and restoration investments under the project in the intervention areas (25,000m^2)

PDO indicator 2. Private investments in tourism (hotels) in the Saly area (increased at least 2 percent by end of project)

Objective 2: "Strengthen enterprise development in Senegal". The key PDO indicators were:

PDO indicator 3. Share of enterprises supported under the Senegal Market Access Facility (SMAF) with increase in annual volume of exports of at least 2 percent from time of provision of support (25 percent)

PDO indicator 4. Share of new enterprises supported under the BPC in operation (i) 6 months and (ii) 24 months after receiving full payment of support (80 percent and 40 percent, respectively)

PDO indicator 5. Average time it takes to complete government-to-business services on investment platforms/OSSs (decreased by at least 25 percent)

13. **The direct project beneficiaries were expected to be**: (a) businesses in the tourism sector; (b) the fishing communities in the Saly area who will benefit from beach protection; (c) small and medium enterprises in Senegal, including micro-enterprises in the tourism sector, which will benefit from enterprise formation, and growth through support under the project's matching grant funds; and (d) public agencies such as the Agency for the Development of Small and Medium Enterprise (ADEPME), the Company for the Management and Promotion of Tourism Coasts and Zones in Senegal (SAPCO), and the Ministry of Tourism and Air Transport (MTAT) that received support for destination strengthening and repositioning. There would be special efforts to help ease the entry of more women into the job market and improve their ability to create enterprises and grow and formalize their businesses.

Components

14. **There were three components, and five sub-components as follows:**

Component 1: **Sustainable tourism development (US$50 million)**

a. **Destination strengthening and repositioning program (US$7 million)**

15. The objective was to assist Senegal to reestablish its competitive position in its core markets and develop a diversified and sound tourism industry, which contributes positively to economic development and poverty alleviation. This sub-component was to be implemented by the Ministry of Tourism and Air Transport (MTAT) and would include sector-wide interventions to strengthen public action at the macro level as well as a program of targeted investments in destination development in the Petite Côte axis. This would involve financing (a) analytical and data collection activities, (b) market and product development, and (c) capacity-building, notably in the MTAT and its agencies ASPT and SAPCO.

b. Beach renovation, protection, and integrated coastal management (US$43 million)

16. The objectives of this sub-component were to fight coastal erosion, protect economic investments, and develop strategic measures for better coastal management. This sub-component would provide technical assistance and infrastructure works.

17. Technical assistance for:

i. Designing and implementing targeted beach restoration and erosion mitigation infrastructure to protect coastlines;
ii. Installing an operation and maintenance (O&M) system for the protection of public investments and their ongoing maintenance;
iii. Strengthening the Integrated Coastal Zone Management mechanism;
iv. Carrying out awareness creation of the beach renovation activities and technical studies to complement coastal management planning in the Saly zone to assist in mitigating climate change impacts.

18. Works to preserve hotel infrastructures and to protect the fishing village of Saly Niakh Niakhal against rapid coastal erosion impacts, including (i) installation of groins, (ii) breakwaters, and (iii) dredging for beach recharge.

Component 2: **Supporting Enterprise Creation and Growth (US$19.5 million)**

2.1 Senegal market access facility (SMAF) (US$6 million, revised to US$7.6 million after restructuring)

19. The objective of the SMAF window was to support the development of exports of private enterprises and to grow the number of exporters in Senegal. To ensure sustainability of the support, the fund would also reinforce the competencies/skills of professional organizations and consultants so they could provide quality advisory services to Senegal's exporters. The SMAF was a window within ADEPME's enterprise development matching grant program to provide co-financing for up to 100 individual firms and for 10 professional associations for the preparation/planning and implementation of export development services.

20. The SMAF would finance marketing or commercial activities aimed at developing exports outside the channels already being used by the enterprise. In addition to grants, it would support enterprises in combining/refining their export plans and build the capacity of local consultants and professional associations. In most cases, assistance would consist of working alongside beneficiary firms during preparation and implementation of an export development plan. A variety of services would be offered, including:

i. Market and product research on new export market, dissemination of information related to product certification and standards;
ii. Promotional and marketing activities to position firms on new potential or existing markets;
iii. Support to firms seeking specific accreditation and certifications for export and assistance to comply with international norms and standards;

iv. Programs linking vendors and suppliers, buyers, and buying chains;

v. Provision of specific training and seminars on firm development and industry-level Development;

vi. Assistance to development of e-commerce, and e-learning modules for export managers inside firms;

vii. Support to the internal supply/logistical chain of the firms for growth and expansion.

2.2 **Business plan competition (BPC) (US$10 million, revised to US8.4 million after restructuring)**

21. This sub-component aimed to foster the creation of new Senegalese firms that can operate on the domestic market but can also export, either initially or within one to two years of their creation. The project financed the organization of competitions aimed at assisting entrepreneurs in launching new businesses with export potential, and a one-time grant provided to winners. Implementation involved:

i. organizing an information campaign to raise awareness and invite proposals for new business ideas;

ii. selecting the most promising business concepts;

iii. providing them with support in the drafting of business plans and required training in the areas of business planning and entrepreneurship;

iv. selecting winners;

v. providing seed capital (one-time equity) ranging between US$5,000 and US$50,00 for up to 200 winners in each competition; and

vi. providing technical advice and mentoring to awardees to launch their business.

2.3 **Improving the subnational business environment (US$3.5 million)**

22. This sub-component supported the development of regional one-stop-shops (OSSs, also referred to as Investment Platforms), whereby APIX as the leading organization—in coordination with other agencies/ministries—would offer streamlined administrative services to businesses. These investment platforms were conceived as levers to promote local investment in three regions outside of Dakar, namely (i) the Center/West Region, including Thiès, Diourbel and Saly, (ii) the Southern Region, covering Ziguinchor, Sédhiou and Kolda, and (iii) the Northern Region, with Saint Louis, Matam, and Louga.[5] In each location, appropriate buildings would be identified and house resident (APIX, ADEPME, Bureau de Mise à Niveau) and non-resident services (Fonds Souverain d'Investissements Stratégiques, Fonds de Garantie des Investissements Prioritaires, Programme des domaines agricoles communautaires, Délégation Générale à l'Entreprenariat Rapide des femmes et des jeunes, chambers of commerce, etc.), all dedicated to providing information, advice, training, financing and assisting with administrative procedures, following a dynamic, participatory model. Such coordinated administrative support would (a) help simplify administrative procedures (for example, (b) improve administrative services offered to Senegalese exporters; and (c) facilitate access to credit for SMEs by means of computerizing the existing, Dakar-based, commercial/moveable property collateral registry).

23. The sub-component would finance:

i. relevant analytical work to ensure OSSs offer services appropriate for their geographic area and mission;

[5] These three locations were prioritized by the government based on synergies with the other project components (especially in Saly), existence of a space that can host the OSS (the case in Saint Louis), as well as the need to improve service coverage in underserved areas (the case of Ziguinchor).

ii. capacity-building activities for APIX and relevant institutions, both in Dakar and in the regions;

iii. the purchase of required IT/office equipment and the computerization of the three regional offices to connect them with the APIX headquarters in Dakar, and the development of a common IT interface;

iv. the computerization of the commercial/collateral registry at each regional OSS;

v. assistance in the implementation of on-line declaration and payment of taxes; and

vi. support to the commercial tribunal in Dakar through training, but also the purchase of computer and electronic equipment and office furniture, to improve the work environment and enable the hiring of additional staff.

Component 3: Project implementation (US$4.5 million)

24. This component provided support to APIX to manage and coordinate the project and provide resources to strengthen its capacity on procurement, financial management, coastal management, environmental and social safeguards management, communication, and monitoring and evaluation (M&E) through the provision of relevant advisory services. Support also financed operating costs, select training and knowledge exchange visits, limited premises rental to accommodate consultants, and goods and equipment for the project office and audits.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)

Revised PDOs and Outcome Targets

25. **There was one level 2 restructuring of the project after the mid-term review in January 2020, which was completed in June 2020 and did not change the project objectives**. There was no change in the PDO but one of the five PDO indicators was dropped and two were modified. For the two remaining indicators (beach area gained, and average time to complete services at investment platforms) the targets remained the same, but the second one was more clearly defined.

Revised PDO Indicators

26. **One PDO indicator was dropped and two were revised.** The second indicator on private investment in hotels was dropped because baseline data could not be collected, and the team was advised that it surpassed the scope and lifetime of the project and would be difficult to attribute.[6] The third indicator specified that the annual increase in exports should be at least 2 percent, but this figure was deemed arbitrary, so it was dropped. As the second business plan competition shifted to supporting existing enterprises, a measure of improvement in revenues was considered to be more relevant. The survival rate for the first BPC would continue to be monitored as an indicator outside the results framework. The final PDO indicator was further defined by specifying the two key government services to be measured. The number of intermediate indicators was rationalized and a new one was added to better capture the results of the first objective as pursued under sub-component 1.1.

Table 1: PDO Indicators at Approval and after Restructuring

At Project Approval	After Restructuring
Original PDO Indicators	**Revised PDO Indicators**

[6] The team was also advised that five PDO indicators was too many.

1.Net area of beaches gained due to protection and restoration investments under the project in the intervention areas (25,000m^2)	Unchanged
2.Private investments in tourism (hotels) in the Saly area (increased at least 2 percent by end of project)	Dropped
3.Share of enterprises supported under the Senegal Market Access Facility (SMAF) with increase in annual volume of exports of at least 2 percent from time of provision of support (25 percent)	Revised: Share of enterprises supported under the SMAF with increase in annual volume of exports from time of provision of support (target: 25 percent)
4.Share of new enterprises supported under the BPC in operation (i) 6 months and (ii) 24 months after receiving full payment of support (80 percent and 40 percent, respectively)	Revised: Average increase in annual firm revenue among BPC beneficiaries (target: 2 percent)
5.Average time it takes to complete government-to-business services on investment platforms/OSSs is decreased by at least 25% (Percentage)	Unchanged, but clarified: Two services targeted – time to create a business, and time to process requests under the investment code

Revised Components

27. **There was no change in the definition of the components**. However, in the restructuring US$1.6 million was moved from the BPC sub-component to the SMAF sub-component. The original plan was to hold four annual business plan competitions, including at least one exclusively for women entrepreneurs. In the end, only two were organized and neither was restricted to women given limited time and resources as well as the need to help firms more broadly recover from the impact of COVID-19 in the second edition of the competition. Also, more resources were allocated to technical assistance for enterprises in the BPC and SMAF.

Other Changes

28. **The mid-term review resulted in a variety of other modifications**. The procedures manuals for the BPC and SMAF were revised. The emphasis on creating new enterprises was dropped for the second BPC and the procedures adjusted to reflect lessons learned from the first BPC in terms of targeting, screening, payment modalities (see Section III below), as well as eligible expenses (including to help firms recover from the impact of COVID-19). In the SMAF, and with the onset of COVID-19 which disproportionately affected SMEs and exporting firms, the required contribution from enterprises was reduced from 50 percent to 20 percent, the rules were relaxed to allow funds to be used for working capital, and the length of contracts with firms was extended. The criteria were widened to include indirect exporters, by supporting suppliers to multinational firms. Also, a small number of non-exporters were assisted in cases where they were directly involved in the response to the COVID-19 pandemic (e.g., making masks).

29 There were also changes in the tourism component. Most notably, responsibility for several activities was shifted from the ministry to two of its agencies, ASPT and SAPCO, where focal points were appointed. This change was in response to the slow progress at the tourism ministry which had seriously delayed implementation of sub-component 1.1. A detailed work program was agreed, with a clearer timeline and several changes in activities to

reflect agency priorities.

Rationale for Changes and Their Implication on the Original Theory of Change

30. **A slow start, early problems in implementing the BPC, and the outbreak of COVID-19 required several adjustments after the mid-term review.** By the time the first BPC was nearing completion and lessons could be applied, only one more competition could be completed before project closure. As demand for the SMAF was strong, and that program was somewhat easier to manage, it made sense to reallocate some funding from the BPC to the SMAF. Thus, a smaller number of businesses benefited from the BPC, but this was largely offset by a greater number of SMAF recipients. The move from supporting new enterprises to established ones in the second BPC reduced firm creation but probably improved the survival rate of beneficiaries. This is especially true in the context of the COVID-19 pandemic. Furthermore, it was proving difficult to find viable proposals from new entrepreneurs during the pandemic. The SMAF indicator was modified to reflect the fact that its late launch and the outbreak of COVID-19 reduced the potential for a substantial increase in exports before project closure. However, the SMAF remained essentially export-focused. In essence, the changes made were broadly consistent with the theory of change. The bigger problem was the impact of the pandemic which hampered the potential for BPC and SMAF enterprises to achieve the outcomes targeted by the project. There were no changes in the coastal protection component, while some organizational changes were introduced to improve implementation of the destination strengthening sub-component 1.1. Thus, the original theory of change remained valid.

II. OUTCOME

A. RELEVANCE OF PDOs

31. **The PDO was very relevant to the country's development goals and strategy**. Tourism is one of the most promising sectors for future growth and job creation in Senegal and the Saly region represents the heart of its leisure tourism industry. This was recognized in the new national development strategy, the *Plan Senegal Emergent (PSE)*. After years of government neglect, the sector was in urgent need of revitalization, both in terms of infrastructure and public sector support. The second part of the PDO on enterprise development was equally relevant. There was a clear and urgent need to build a stronger private sector, which was also underlined in the PSE. Past development had been too dependent on the public sector, and higher economic growth rates would require more dynamic enterprises. MSMEs were particularly underdeveloped. And given the very small domestic market, an emphasis on exports was essential.

32. **The project focus was well-aligned with the World Bank Country Partnership Strategy FY13-17, in which the first pillar was Accelerating Inclusive Growth and Creating Employment**. It remained highly relevant in the follow-up Country Partnership Framework FY20-FY24 where the second focus area was Boosting Competitiveness and Job Creation through Private Sector-led Growth. This area included support to MSMEs and referred to various sectors including tourism. The project's work to protect the beach was highlighted in the third focus area on Increasing Resilience and Sustainability in the Context of Growing Risks.

33. **With the onset of COVID-19, the project became even more relevant.** It provided a critical instrument to help enterprises survive during this difficult period, especially since exporters were particularly hard hit. The project provided health and safety training related to COVID-19 for tourism establishments, along with certification to reassure potential clients. The restoration of the beach gave hope to hotels suffering the brunt of the pandemic and encouraged plans for new investment to be ready for the post-COVID-19 period. The project remained strongly aligned with government priorities: a special fund for hotels was set up with a subsidized interest rate (3.5 percent). In October 2022, the President announced plans for a special cabinet meeting focused on tourism and stressed the need to combat coastal erosion.

Assessment of Relevance of PDOs and Rating

The relevance of the PDO is rated as *"High"*.

B. ACHIEVEMENT OF PDOs (EFFICACY)

Assessment of Achievement of Each Objective/Outcome

Objective1: To create conditions necessary to increase private investment in tourism in the 'Saly' area

34. **The first objective was to create conditions necessary to increase private investment in tourism in the 'Saly' area.** This was to be achieved primarily by restoring the beach which had largely disappeared due to erosion and providing technical support to the Ministry responsible for tourism, the agency handling tourism promotion (ASPT), and the agency managing the Saly tourism station and other tourism zones (SAPCO). The project had several interventions to support the outcome of this Objective contributing to achievement of this first objective underpinned by one key PDO indicator:

PDO Indicator 1: "Net area of beaches gained due to protection and restoration investments under the project in the intervention areas (according to defined criteria: sand beach for swimming, fisherman village areas)"

35. **The target of 25,000 m^2 was greatly surpassed as the final result was 325,000 m^2.** This was due to three factors. First, a lack of experience with such works led to the adoption of a very conservative target. Second, the project was expanded to include a second fishing village south of the project, to reinforce community participation and prevent any potential negative impacts of the works. Third, the size of the beach was considerably enlarged. This was achieved by installing 19 groins and breakwaters (intermediate indicator #2). It was to be sustained through the definition and operationalization of a maintenance plan (intermediate indicator #1) which was prepared and validated but still under negotiation at the time of project closure.

36. **The beach renewal component was, by all accounts, highly successful and contributed to safeguarding Senegal's key tourism asset as well as the tourism sector overall.** The work was completed in good time, in spite of COVID-19, which forced the contractor to repatriate all foreign staff for a period of four months. There was concern that delays in counterpart funds for compensation of 86 project-affected persons and businesses would lead to a halt in the work, but the method of project execution by zone to limit the impact on the communities and hotels allowed the construction to continue and APIX advanced some funds until the finances were made available by the Ministry of Finance. All those affected by the project were compensated. An integrated coastal zone management (ICZM) plan was prepared. An environmental and social management plan and a grievance management mechanism were put in place. A social support plan was implemented for the two villages in the project area. The level of satisfaction among tourism sector beneficiaries was also measured (intermediate indicator #4) and this confirmed total approval of the project activities in Saly.

37. **Communication and consultation with the two fishing villages at Saly appears to have been well managed, with the help of a local non-governmental organization (ENDA).** When objections were raised concerning the plans to use 100 trucks per day to bring in sand, an alternative was found. The company responsible for design and supervision identified underwater supplies of sand down the coast off Joal-Fadiouth. This sand was then transported by barge and pumped directly to the beach. The beach protection and restoration were extended to include the two fishing villages, enabling them to land their pirogues directly once again at their villages rather than in the neighboring town of Mbour. This is much appreciated both by the fishermen and the women who dry the fish and were able to reduce their travel time significantly. The project also built structures for fish drying and sale, as well as equipment storage, and provided cold storage facilities for fresh fish. Along the beach in front of the two villages trees were planted, and solar lighting was installed. In addition, the project put in place a system of waste management on the restored beaches at the two villages. Ten hectares of mangrove forest were planted at the marine protected area at Joal-Fadiouth, and 200 underwater reefs were installed to prevent coastal erosion

due to the removal of off-shore sand. The chemical and bacterial quality of sediments was monitored regularly and the population of organisms in the dredging zone was restored.

38. **This infrastructure was supported by new strategies, marketing plans, institutional capacity-building, and private-public dialogue**. No PDO indicator was defined with regards to this institutional support, but two intermediate indicators were established. An environmental and social management unit was created at SAPCO (intermediate indicator #5) to enable the agency to build on its experience with the Saly beach restoration when managing future projects. The project recruited an environmental specialist who supported SAPCO in implementing project-funded activities and ensuring the new unit was set up. Efforts were made to strengthen public-private dialogue (intermediate indicator #3) but these were unsuccessful. Beyond the indicators, the project achieved several results for the Ministry of Tourism: a new tourism code was prepared and approved; all hotels with more than 10 rooms were classified using the Economic Community of West African States standards; tourism statistics were collected and published. ASPT developed programs for relaunching tourism post-COVID-19, including participation in international trade fairs and training of local actors. A new product development department was created, and work was done on diversification into conference tourism and birdwatching, among others. At SAPCO, a plan for a green Saly (*Saly Ville Verte*) was prepared (along with an implementation strategy) which offers an appealing vision for reorganizing a somewhat chaotic urban setting and responding to the growing interest in the environment among tourists. Plans were also developed for new tourism stations at Mbodiene and Kafountine/Abene, assisting SAPCO to take on its new, expanded responsibilities for other burgeoning resort locations. A geographic information system to confirm the location of all hotels, tourism establishments, and tourism sites in Saly was created and then extended to cover the entire country. More generally, several study tours were organized to expose staff to experience in other countries such as Morocco, Tunisia, and Canada. A trust fund attached to the project helped develop a strategy for digitization and helped train both public sector and private sector beneficiaries on digital tools along the tourism value chain.

39. **Although the decision was made to drop the level of hotel investment at Saly as another PDO indicator, this is clearly the higher-level outcome being sought.** Indeed, the PDO indicator measuring the beach area is more of an output indicator. But here too the results are encouraging. The total value of new investments is estimated to exceed US$350 million (see Annex 8), with a knock-on effect on other businesses benefiting from increased tourism and job creation in the Saly area by catalyzing other investments such as restaurants, shops, tour companies, taxis, banks, etc. Many hotels in the project area were at high risk of closing, which the project helped to mitigate. Only four hotels closed, one of which has since re-opened, while another is expected to re-open under a new owner. In addition, nine hotels have invested in improving or expanding their facilities. When asked whether they have made investments due to the beach renovation, 20 percent of about 70 respondents to a satisfaction survey conducted in early 2022 responded favorably, with most investments relating to renovations.[7] Perhaps most revealing, three large and high-end new hotels; the Radisson, Golden Tulip, and Accor chains have announced investments in the Saly area, replacing older, mid-range operations. If we assume that hotel capacity is increased by approximately 1,000 rooms – due to new hotels, the re-opening of old hotels, and the avoidance of hotel closures – this will have created or preserved some 3,000 jobs.[8] Furthermore, the combination of upgrades and new hotels will transform Saly from a dated, low-cost destination to one dominated by high-end

[7] One of the intermediate results indicators measured beneficiary satisfaction; as such, the PCU designed a satisfaction survey which it administered twice in Saly. Respondents included all hotel establishments as well as a sample of individuals.

[8] In a study of tourism in Senegal, Philip English concluded that on average one room generated one hotel job, a second job in related tourism activities, and a third indirect job through suppliers. This should remain relevant today given the greater capacity of the Senegalese economy to provide backward linkages and the improved quality of hotels planned for Saly. P. English, The Great Escape? An Examination of North-South Tourism, 1985.

accommodation. The hotel managers in the area have clearly mentioned that these results would not have occurred in the absence of beach restoration.

40. **The satisfaction survey also found a more general increase in property values as a result of the project**. Nearly three quarters of respondents who owned property (houses, holiday residences, restaurants) mentioned that they feared losing their assets prior to the renovation of the beach, and many were trying to sell their property. But even at low prices, this proved difficult. More than half of the respondents believed their property value increased following the beach renovation. Local youth have also been able to restart their leisure activities on the beach.

41. **The eventual goal is to increase tourist arrivals, nights spent, and especially expenditures, ultimately creating more income and jobs.** The sector was hit by a massive external shock in the form of the COVID-19 pandemic. Tourism was arguably the worst affected sector in Senegal. Tourism statistics, which were not well-maintained, were collected with project funding. They show a significant increase in non-resident arrivals, nights, revenues, and employment between 2016 and 2018. Given limited availability of granular data before the project, it is difficult to make the analysis for Saly alone or for leisure tourism, but these increases were shared by the Thies-Diourbel region, whose tourism sector is dominated by Saly. This improvement cannot be attributed to the project as it partly predates the project outputs. However, hotel managers reported that they were once again fully booked at the start of the high season in October 2022 and looked forward to strong performance in the coming months for both international and domestic tourism (which experienced an uptick during COVID-19).

Objective 2: To strengthen enterprise development in Senegal

42. **The second objective was to strengthen enterprise development in Senegal.** This was to be achieved both through direct support to businesses and by improving the subnational business environment. The project had several interventions to support the outcome of this objective. A matching grant scheme (SMAF) supported current and prospective exporters, while a business plan competition helped new enterprises get started, and young ones to grow. Regional one-stop-shops were created to facilitate business development outside of Dakar. All three of these sub-components were successfully implemented, albeit with some delays and modifications, and had partly achieved their results targets at the time of project closure. Three of the four PDO outcome indicators focused on this objective; results are calculated based on partial achievements due to delays in launching some of the activities as well as delays and difficulties for beneficiary SMEs to complete their activities due to the onset of the COVID-19 crisis.

43. **PDO Indicator 2 "Share of enterprises supported under the SMAF with increase in annual volume of exports from time of provision of support (Percentage)" exceeded its end target based on partial results.** This indicator focused on the SMAF and the share of beneficiaries registering an increase in their annual exports. Based on a sample of 35 SMEs that had utilized at least 40 percent of their grants at project closing, 50 percent had experienced an increase in exports, exceeding the end target of 25 percent. It is too early to evaluate the performance of all beneficiaries, as 40 percent of the projects were only approved in 2021 and another 11 percent in 2022 (and baseline data is only available for half of the enterprises).

44. **Under the Senegal Market Access Facility (SMAF) the project set out to support 100 individual firms and 10 professional associations for the preparation and implementation of export development services.** It was modeled on a Bank-funded project in Tunisia. It was expected that at least 25 percent of the firms would see an increase in their annual exports by the end of the project. Despite only being launched in October 2019, 142 individual projects were approved, along with 10 professional associations. This additional support was roughly commensurate with the increase in the SMAF budget following the restructuring. The SME export sector is fairly limited in Senegal and only 36 regular exporters were identified. Information technology dominated, accounting

for over half of all exports, followed by agriculture and agro-industry (10 percent). Another 75 enterprises with some past records of exporting were eventually selected, along with 21 sub-contractors to exporters.

45. **The program provided much needed relief for firms during the COVID-19 crisis.** After the launch, the program moved quickly, and 60 projects were approved by November 2020. Unfortunately, by that time COVID-19 was affecting the business environment, and payment procedures caused delays. Six enterprises abandoned their projects. Then the imminent closure of the project forced many companies to cut back their plans. On the other hand, this facility provided a useful vehicle to support the country as it grappled with COVID-19. In addition to giving exporters financial support during a difficult time, ten enterprises involved in producing COVID-19-related materials, such as masks, were also assisted.

46. **To get a preliminary idea of the project's impact, the M&E team visited a sample of 57 enterprises which had received at least 40 percent of their grants by March 2022.** Seventeen of these firms experienced an increase in their exports in 2021, while 12 began exporting, which together amounts to just over 50 percent of the sample. On the other hand, five stopped exporting and 8 experienced a decline. That leaves a positive net difference of 16 firms, which is still 28 percent of the sample. This result is encouraging, given the negative effect of COVID-19. Of the 18 exporters with data from 2019, the total value of exports for this group increased substantially from CFAF706 million in 2019 to CFAF2,767 million in 2021.[9] Based on these samples, the project appears to have met its objective.

47. **PDO Indicator 3. "Average increase in annual firm revenue among BPC beneficiaries (Percentage)" cannot yet be evaluated, but results from the first competition are positive.** This indicator measures the change in annual revenues for winners of the second competition. This cannot yet be evaluated, as it was designed to cover the second competition, supporting start-ups which already had one to seven years of operations. However, the first contracts were only signed in December 2021, such that one would need to wait until at least 2023 to assess results. Nonetheless, the original indicator, measuring the survival rate of new enterprises remains relevant for the first BPC and has exceeded its original end target. Of the 146 recipients of a BPC1 award, 69 percent were still operating in March 2022 and had received their funding at least 24 months prior.[10] The original project target after this time period was only 40 percent, so the competition has exceeded expectations. This is impressive given the negative business environment created by COVID-19, and the future should be more conducive to success. Also, the focus on existing start-ups in BPC2 will reduce the risk of enterprise failure.

48. **The BPC started off sooner and somewhat larger than the SMAF and ended in two rounds of competition.** Preparation began under the Project Preparation Advance (PPA), and the first winners were announced in January 2017, three months before the project was approved. It was modeled on a Nigerian competition and a study tour was organized to learn from their experience. The plan was to run four annual competitions and award grants to as many as 150 new enterprises each time. In the end, only two competitions were held due to various delays, and neither one was targeted exclusively to women-owned businesses given time and resource constraints and the need to address the impacts of COVID-19 on firms more broadly in the second edition. The first competition awarded 146 grants, while the second one supported 145. The focus of the second competition shifted in the context of the COVID-19 pandemic and after advice from the global team at the World Bank. Given concerns about the survival of young firms, support was targeted to existing start-ups, defined legally as small companies with 1-7 years of operation, rather than idea-stage entrepreneurs. While it was initially expected that these startups would grow thanks to project support (as measured by an increase in sales), sustaining current

[9] Total exports by all the SMAF recipients jumped from a baseline of CFAF4.76 billion (2019 or 2020) to CFAF11.48 billion in 2021, but this cannot be entirely attributed to the project.

[10] Strictly speaking, the indicator was defined as applying to those enterprises which received their total grant. They numbered 74. We do not have their survival rate, but it is likely to be higher since they were somewhat better performers.

levels of activity and employment also became an important consideration given the COVID-19 crisis, and the expected impact on sales growth was reduced.

49. **It was understood that enterprise creation is inevitably a risky proposition, and many businesses would not survive.** Hence, the initial results indicator was the share of beneficiaries still operating 6 months and 24 months after receiving their funds. The mid-term review retained this indicator but shortly thereafter it was replaced by a measure of the increase in revenues. This was considered appropriate for the second competition, when the focus had shifted from firm creation to small, existing enterprises. However, the project team continued to monitor survival, which is indeed more relevant for evaluating the first competition.

50. **PDO Indicator 4. "Average reduction in time it takes to complete government-to-business services on investment platforms/OSSs" exceeded its end target based on data from one of three OSSs.** This PDO indicator focused on the services offered by the three regional offices set up (intermediate indicator #6), specifically the time it takes to register a business and the time it takes to issue investment agreements. Based on data from Saint Louis, the average reduction in time for both services was 47 percent, far exceeding the initial end target of 25 percent. Two specific procedures chosen at the time of the mid-term review were the creation of a new enterprise and the processing of requests under the investment code. Based on information for the OSS in Saint-Louis which has been in operation for several years, the target was surpassed for the first procedure, as the average time dropped from 9 to 2 days, a 78 percent reduction. Progress on the second procedure was more modest, with a decline from 12 to 10 days, or 17 percent. However, 10 days is the legal maximum, so the project had hoped to do better. Given that the Saly and Ziguinchor OSSs became operational towards the end of the project lifetime, it was too early to measure the reduction in time to provide services to firms at these two locations.

51. **This indicator covered a small component designed to improve the business climate by creating three regional APIX offices or one-stop-shops (OSS) at Saly, Saint-Louis in the north, and Ziguinchor in the south.** The Ziguinchor regional office was opened in late 2021 and the Saly office in March 2022, while the Saint Louis office became operational shortly after project approval. There were difficulties in finding appropriate facilities in Ziguinchor and Saly, and eventually, a brand-new building had to be built in Saly towards the end of the project. It is therefore too early to assess the performance indicator beyond the Saint Louis office. However, all three offices were operational by the end of the project.[11] The project also introduced an important innovation in the form of mobile units consisting of up to 20 officers from different agencies on a joint mission to different parts of the country. Nine such missions were conducted. These were particularly useful given COVID-19 restrictions on movement and the delays in securing space for the OSS in Saly and Ziguinchor. In just one case, some 200 enterprises were formally registered. The combination of three regional offices and mobile units has undoubtedly facilitated compliance with business regulations outside of Dakar.

52. **An important intermediate indicator (#7), which actually measures outcomes, was the amount of employment created.** The project aimed to generate 200 new jobs, spread between the BPC and the SMAF. Although it was not specified, we assume this referred to permanent jobs. The data on employment is considered reliable and suggests that the project exceeded its target. The 101 BPC1 firms still in operation in mid-2022 had created 221 permanent jobs, plus many temporary ones. Thus, the target was reached through this one competition. For BPC2, 117 new jobs were reported for 2021, but since contracts were only signed in December 2021, these cannot be attributed to the project. Also, it is not clear how many were permanent jobs. But for BPC1 and a sample of the SMAF, beneficiaries created 359 permanent jobs by project closing, exceeding the original end target. The project also surpassed its target for the number of enterprises benefiting from the project by a

[11] The Saly office is offering four of the five basic services necessary to be considered as operational.

factor of 5 (intermediate indicator #8a) due to the success of the OSS. The target for the share of these firms led by a woman (intermediate indicator #8b) was also surpassed.

53. **In the sample of 57 companies supported by the SMAF, 138 permanent new jobs were generated in 2021, along with another 278 temporary positions.** No data is available for the remaining 85 individual beneficiaries or those supported through professional associations, but the total should be much higher. Once again, it is difficult to know to what extent the observed results can be attributed to the project. However, the project appears to have exceeded its objective of creating 200 new jobs. The result should be much better once all the SMAF and BPC2 projects are completed. At the same time, the target seems to have been insufficiently ambitious, since the project initially proposed to support 150 exporters and 600 new enterprises, while the target was met with only 101 new firms.

54. **The project also aimed to support women across all its activities, setting a target of 25 percent of all beneficiaries.** The SMAF surpassed this level, at 36 percent. The corresponding number for BPC1 was 27 percent and for BPC2, 39 percent. A significant share of the jobs created also went to women – 51 percent in the case of the SMAF. Under BPC2, where priorities shifted somewhat to include the preservation of existing jobs, 47 percent of the jobs among the beneficiaries were held by women.

55. **The project finally aimed to improve the capacity of public institutions supporting firms in Senegal, namely ADEPME and APIX.** The project helped build ADEPME's capacity to organize and implement business plan competitions, the first of its kind in Senegal, and to target and support export-oriented firms, which it had not done before. The project recruited an international expert who supported the SME export matching grant in Tunisia that the World Bank had also financed; he worked closely with ADEPME staff to roll out SMAF and develop the expertise to sustain implementation. At APIX, the project helped create the mobile one-stop-shop as an innovative solution for decentralizing government-to-business services (APIX reported continued high demand for these mobile services which represent a new business line and source of revenue for government).

Justification of Overall Efficacy Rating

56. **The overall efficacy rating is "Substantial".** The sub-component with the largest share of the budget, beach renovation, was highly satisfactory and exceeded its target. The impact on private hotel investment is impressive. It is not possible to measure the PDO indicator for the BPC and too early to make a full assessment of the other two PDO indicators. However, preliminary data suggests good progress on the SMAF indicator, and this despite the outbreak of COVID-19. Available data for the PDO indicator related to one-stop-shops is very partial, but all three were operating by mid-2022, and their impact will probably exceed expectations thanks to the innovation of mobile units. Two other indicators which are important outcome measures – on survival of BPC1 beneficiaries and on job creation – appear to be meeting their targets, again based on partial results and despite COVID-19. Progress on tourism activities under sub-component 1.1 was weaker, but SAPCO and ASPT look well-placed to guide future growth in the sector.

C. EFFICIENCY

Assessment of Efficiency and Rating

57. **The beach restoration component promises to be substantially efficient should all expected benefits materialize.** It was completed on time, despite COVID-19, and on budget, and it is clear that there was no alternative to beach restoration to prevent the gradual decline of the tourism industry in Saly. The restoration can reasonably be assumed to have contributed to (i) preserving the value of some business and residential assets in Saly and (ii) safeguarding some existing jobs that would otherwise have been adversely affected. A study carried out under the Project in 2022 indicates that the beach restoration interventions have prevented a loss of about US$30 million equivalent in terms of preventing hotel closures and job losses that would have occurred without the Project. While some hotels closed, the ongoing restoration of Saly beach seems to have contributed to the decision by at least nine other hotels to remain open and even invest in improving and expanding their facilities. At least three international chains have announced plans to establish large hotels in Saly. The total value of investments is expected to exceed US$350 million. If they materialize, these outputs can be expected to contribute to a progressive increase in tourism in Saly. In this regard, the same study estimates that, over a period of five to seven years, the beach restoration interventions under the Project could lead to the following main benefits: (i) increase in tourist arrivals from about 16,000 per year in 2015/2016 to about 70,000 per year going forward; (ii) increased investment of about US$80 million in the Saly beach hotels; (iii) safeguarding of an existing 500 jobs and addition of another 300 to 450 jobs with a total income of US$2 million per year; (iv) reopening of other closed tourism related businesses with an income of US$1.3 million per year; and (v) increase in hotel business turnover of about US$66 million per year with profits of about US$24 million per year. If these levels are substantially achieved in future, the efficiency of this component could be Substantial. However, given the limited actual achievements at the time of project closing, the component's economic efficiency is conservatively rated Modest in the ICR.

58. **For Component 2, it is not possible to do a proper assessment of the efficiency of the project as it is too early to measure the impact of the second BPC and the SMAF, but BPC1 results are somewhat encouraging.** There is also no control group to provide evidence on what might have been achieved without the project. However, the first BPC provides some interesting preliminary data. The survival rate of 69 percent after two years is already significant. This is better than the average observed internationally, where typically only 30 percent of new enterprises are still operating after three years. On the other hand, this outcome appears to be lower than in the Nigeria BPC YouWiN! which recorded survival rates above 90 percent, albeit only 12 to 18 months after receiving their last tranche payment.[12] The average grant was only US$11,000 compared to US$25,000 in a similar program in Côte d'Ivoire and US$50,000 for the Nigerian program.

59. **Another measure of efficiency is the cost per job.** The BPC1 generated 221 permanent jobs. If we assume that BPC2 will produce a similar number and using the total cost of the BPC sub-component (US$8.5 million), the average cost per job amounts to US$19,200. This is roughly twice the cost of the Nigeria program, estimated at US$8,500-10,000. However, this does not include the many temporary jobs created, which may have exceeded the number of permanent jobs.[13] Also, the Nigeria program was very efficient compared to many other MSME programs, where often there is little or no discernible effect on paid employment.[14] On the other hand, this

[12] Nigerian results are drawn from David McKenzie, "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition", American Economic Review, 2017, 107(8), pp. 2278-2307.
[13] A sample of 16 BPC1 companies which were more advanced in their projects generated twice as many temporary jobs compared to permanent ones.
[14] D. McKenzie provides an Annex 12 for his AER paper which summarizes the results of other randomized controlled trials in developing countries. He notes that most studies of finance and training programs for microenterprise have little impact beyond the self-employment of the entrepreneur. The cost of vocational training per job has been estimated as US$10,000-80,000, and $38,000 per job for one wage subsidy program.

calculation does not include some of the administrative costs incurred by APIX and the Ministry of Finance. It is also noteworthy that it took five years to run the BPC1 program, and as a result only two competitions were completed instead of the four initially planned. The BPC1 cannot be described as efficiently run. Its impact would have been greater if there had been a better process of selection including interviews, more immediate coaching, and smoother disbursement. However, it is recognized that this was a first of its kind competition for the government, and it was expected that the learning curve would be steep. These lessons were applied in BPC2, which was conducted more efficiently.

60. **The preliminary export data for the SMAF provides a very mixed picture, with some companies enjoying increased exports even before starting their projects.** The outbreak of COVID-19 further complicates the analysis. Available data for a subset of 57 enterprises indicates an increase in total exports of about US$1.1 million. However, the grants received by this group totaled US$1.8 million. It is far below the results achieved in the Tunisia project on which this project was based, where every US$1 of grants generated US$8 in additional exports. Ideally, one would have three years of data pre-COVID-19 to get some idea of their average pre-project status, since most beneficiaries were only occasional exporters. Then one would need three years post-project to gauge the full effect of the intervention. Finally, one would need a control group.

61. **It is not possible to assess the efficiency of the many interventions in sub-component 1.1 or the economic returns to the reduction in time to deliver administrative services under sub-component 2.3.** The delays and unused or incomplete tourism reports suggest a low level of efficiency. The execution of the OSS under component 2.3 was not very efficient in terms of the time it took to open the regional offices, except for the Saint Louis office, which did not require major renovation or new construction. However, in terms of the reduction in time for the provision of two main administrative services and the related economic returns that can be expected from the significant reduction, one can expect higher efficiency.

62. **The overall efficiency of the project is classified as "Modest", though with major reservations given the lack of data.** The beach restoration component promises to be very efficient. The picture for BPC1 is mixed, with partial evidence of good results but a long time to be achieved. There were disappointing results for component 1.1 (Destination strengthening and repositioning program), and inadequate time to assess the efficiency of BPC2, SMAF and the OSS.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

63. **The overall outcome is rated as "Moderately Satisfactory".** The PDO is considered highly relevant, and the effectiveness is rated as "Substantial", while efficiency is rated as "Modest". The beach restoration component was highly satisfactory and accounted for over half of the budget. It is premature to conduct a full assessment of component 2, but preliminary results suggest that targets will be exceeded, and the improving investment climate should generate even stronger outcomes in the future.

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

Gender

64. **The project had a strong gender dimension.** Women-led enterprises were a priority for the SMAF, the BPC, and the OSS, and the project tracked the share of such firms in each case. Both the SMAF (36 percent) and the BPC (33 percent) exceeded the target of 25 percent. Among the individual enterprises served by the OSS, 31 percent were women. The project also tracked the number of permanent and temporary jobs held by women among beneficiaries in these two programs, and their share of jobs created. Women accounted for roughly half of

these jobs. The beach renovation component also had an important impact on women: first, by virtue of the tourism sector which typically employs more women than other sectors, jobs preserved and created thanks to investments protected and facilitated have a positive impact of women's livelihoods; second, through work on the beach at the two fishing villages, and the provision of drying racks and other facilities, women were no longer required to travel to Mbour to meet the fishing boats and obtain their catch. Their working conditions at their villages have improved.

Institutional Strengthening

65. **The project helped build the capacity of at least four institutions**. APIX gained experience in managing a complex project, including SME support in collaboration with ADEPME, and a wide range of studies and technical assistance. The establishment of regional OSS and their mobile units strengthens its capacity to serve the country beyond Dakar. ADEPME gained valuable experience in administering two different and complicated programs, BPC and SMAF. Acknowledging their expanded capacity, the World Bank has involved them in a new P4R project. Beach restoration was a new challenge for APIX and SAPCO, but one which they met. This experience, and the creation of a new social and environmental management unit, will help them manage other coastal protection projects in the future and assist SAPCO with its expanded mandate to develop new tourism complexes. ASPT is stronger with a new product development department and a digitization strategy. The project also tried to build the capacity of the Ministry of Tourism, though staff turnover and frequent restructuring limited progress. Finally, there was an improvement in coordination between institutions, which was particularly needed within the tourism sector, between the ministry, SAPCO, and ASPT. APIX and ADEPME also established closer ties. Overall, the project helped develop new synergies between government agencies in their support of the private sector.

Mobilizing Private Sector Financing

66. **As described above and in Annex 8, significant private financing has resulted from the project.** The beach renovation component has undoubtedly had a major impact stimulating private investment in hotel renovation and new construction in Saly. The SMAF scheme mobilized smaller amounts through its matching grant design.

Poverty Reduction and Shared Prosperity

67. **The project has probably had a modest effect in reducing poverty, but a significant effect in preventing poverty.** There are an estimated 15,000 jobs in Saly which are dependent on the tourism sector, jobs which may support as many as 100,000 persons. Hotels were closing before the project due, at least in part, to coastal erosion. It is quite probable that, without the beach restoration, many more would have ceased operation, leading to a major loss of jobs along the value chain. Instead, new investment and jobs are coming to Saly (Annex 8). A substantial number of the jobs saved will have prevented people falling into poverty. Some of the new jobs may serve to pull people out of poverty. The same can be said of some of the jobs created or preserved through the BPC and SMAF.

68. **Perhaps the most direct impact on poverty reduction is in the two fishing villages at Saly.** Many of the residents are probably below the poverty line. The ability to land their boats once again at their villages, and dry the fish without transporting it from Mbour, will have improved their well-being.

Other Unintended Outcomes and Impacts

69. **The project made a notable contribution to regional development outside of Dakar.** Development has been heavily concentrated on the capital, and it is essential to support growth more broadly. Saly and Mbour represent one of the most dynamic urban areas beyond Dakar, and the project has ensured that this will continue. The OSS in

Saint Louis and Ziguinchor will stimulate business development in the north and south of the country, and the mobile units will extend their reach across the country. ADEPME adopted a policy of supporting at least five enterprises in each BPC in each of the 14 regions. Of the 145 winners in BPC2, 84 or 58 percent were located outside of Dakar.

70. **The project also offered a useful instrument to support Senegal during the COVI19 pandemic.** Vulnerable young companies and small exporters could immediately be supported through additional grants or adjustments in the use of approved grants. Enterprises producing goods and services needed to combat the disease were added to the list of potential beneficiaries. Hotels were provided with training and certification on health and safety standards related to the pandemic.

71. **The contribution to adapting to climate change has been significant.** Due to global warming, sea levels are expected to continue rising, by another 20 cm by 2030, and extreme weather conditions will likely increase. Thus, beach erosion will only get worse, threatening livelihoods all along the coast. The project has helped one of the key centers of economic activity outside of Dakar adapt to climate change.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

71. **The project took 2.5 years to prepare due to the evolving nature of its design.** It was initially intended to focus on export development and competitiveness, including improvements in the investment climate. Then, when the Ebola epidemic in a few West African countries scared off tourists across Africa, a tourism component was added to the project. This then led to discussion around the critical role that coastal erosion was playing in undermining the main tourist station of Saly-Portudal. The Finance, Competitiveness, and Innovation (FCI) Global Practice hesitated to take on a major infrastructure project to restore and protect the beach as this was not their comparative advantage, but then the Urban, Resilience, and Land (URL) Global Practice was brought in to manage this component. This necessitated additional studies to assess potential environmental and social impacts. To offset these delays, a US$5 million Project Preparation Advance (PPA) was approved in 2015 to launch several of the components, although much of this was not used. In the end, the complications introduced by the addition of the beach restoration component appear well justified as this became the most successful part of the project.

72. **However, the increasing complexity of the project raised some difficult issues of institutional design and responsibilities.** The initial focus on exports had prompted the Ministry of Commerce and SMEs to take ownership of the project, while the increasing emphasis on tourism suggested that it should shift to the Ministry of Tourism and Air Transport. The challenges associated with major infrastructure works appeared to favor APIX, which had the most experience in this regard, in conjunction with SAPCO, a tourism development agency managing the Saly-Portudal station. ADEPME emerged as the best option for managing the matching grant and business schemes, while another tourism agency, ASPT, was brought in to improve tourism promotion. This led to a compromise where the PIU was based at APIX, while the steering committee was chaired by the Ministry of Tourism. It also meant that ADEPME had the responsibility for the BPC and SMAF programs (selection of winners and validation of payment requests) while APIX and the Ministry of Finance had fiduciary responsibility (verification of requests and payment of grants). Inevitably, this division of responsibilities contributed to delays in preparation, exacerbated by frequent changes in the minister responsible for tourism and capacity limitations in the ministry. Indeed, the debate continued even at the time of project negotiations. Ultimately, it resulted in a lack of ownership by the tourism ministry.

73. **The launch of the BPC under the PPA was fraught with difficulties.** The winners of the competition were announced prematurely, three months before the project was approved. Yet, at that time, the coaching service to

accompany new entrepreneurs was not in place, nor was the procedures manual ready. This created delays and frustration among the beneficiaries. ADEPME did not yet have a clear vision of how winners should document their contribution, in cash or kind, before receiving the first tranche. In addition, the World Bank had suggested, for the sake of transparency and objectivity, to avoid any direct contact with the potential winners and consequently not to conduct interviews. The combination of all these factors, combined with the winners' unpreparedness to launch a new business, sometimes led to inappropriate use of funds by some winners. This led to further delays in the disbursement of funds, as the project team demanded reliable proof of expenditure before any new allocation of resources to avoid misuse of objectives, and it reduced the number of viable enterprises supported.

B. KEY FACTORS DURING IMPLEMENTATION

Factors subject to the control of the Government or implementing agencies

74. **The lack of ownership, instability and capacity issues in the tourism ministry weakened leadership through the steering committee as well as coordination with SAPCO and ASPT which report to the ministry.** The ministry responsible for tourism experienced several changes in its mandate, initially including air transport, which was then moved to a separate ministry before being reintegrated with tourism, and then removed again. Hence the work envisaged in the PAD on air transport was dropped. The mid-term review addressed ownership and coordination issues by identifying focal points in the two agencies and giving them more responsibility. Activities under their remit then accelerated noticeably. However, the demanding nature of the procurement process and monitoring of studies and technical assistance, or *prestations intellectuelles*, which were the main content of the tourism component (1.1), continued to test capacity, especially at the ministry. The two main tourism activities launched under the PPA, a tourism competitiveness study and a marketing plan, took years to complete and had little impact in the end though were intended to inform subsequent activities in the project. Difficulty in finalizing the terms of reference for the tourism strategy operational plan and in evaluating the technical proposals received by interested firms thwarted efforts to complete this task before project closure. The absence of an operational plan would make it difficult for the Ministry of Tourism to implement the five-year sector strategy that was developed in 2020 using government resources. The Integrated Destination Development Plan for Saly was dropped, though it was partly replaced by the Saly Ville Verte plan. The project ended before the ministry could purchase plaques to post on hotels indicating their classification. Time also ran out before an investors' forum and a donor's roundtable on green financing could be organized. A study on the economic impact of tourism was never completed. Tourism statistics up to 2020 were collected, but only data for 2014-2018 was published by the time of project closure. The project rightly identified the need to strengthen public-private dialogue, but efforts to relaunch the national forum (Conseil sénégalais du tourisme) were unsuccessful. Attempts to develop a national brand for tourism in Senegal and an implementation plan for the national tourism strategy, did not materialize. ASPT attributed its failure to launch the tourism branding project to rigid World Bank procurement rules (see below).

75. **ADEPME's subsidiary role also resulted in significant delays in the payment of grants to beneficiary firms.** At one point, delays at APIX were averaging 60 days for BPC1, when the procedure manual called for 10 days. For the SMAF, the payment times were better, averaging 20 days. A further 15 days was typically required at the Ministry of Finance. ADEPME felt there was undue extra verification by APIX and MoF, though APIX countered that the documentation provided was often incomplete. This slowed down the implementation of the first business plan competition. It also forced ADEPME to hold off on launching the matching grant scheme, for fear that significant delays in reimbursement would undermine the financial health of the firms they were trying to support. Part of the problem was understaffing of APIX to handle project administration, notably in the areas of procurement and financial management, considering the significant number of procurement activities and of payment requests to handle (for BPC and SMAF). While they had the requisite skills, their human resources were not sufficient to tackle the many

contracts being procured nor the hundreds of disbursements required. The project was eventually required to hire additional staff in both areas. Once this was addressed, delays were considerably reduced, though not eliminated. In order to reduce the number of actors in the payment chain, APIX requested the creation of a sub-account which it would manage, dedicated to grant payments, but the Ministry of Finance declined the request. The lack of an approved procedures manual until 2018 created some confusion over the appropriate procedures to follow for the BPC1. The requirement that beneficiaries prove their contribution in cash or in kind proved difficult to implement.

Factors outside of Government and Implementing agencies' control

76. **The most significant external factor was the COVID-19 pandemic.** This obliged the contractor on beach restoration to repatriate foreign employees, though only for four months. It also restricted ADEPME's ability to monitor the firms it was supporting, especially those outside of Dakar. This was partially resolved by contracting with regional chambers of commerce for BPC2, which proved quite successful. Study tours were delayed and participation in trade shows was cancelled for a while. However, the main effect was on the firms themselves and the results which could be achieved by the project. The business environment deteriorated for most firms, reducing the potential for growth in exports and employment, and indeed threatening the survival of new enterprises supported under the first BPC. This motivated the World Bank to shift the focus of the second BPC to sustaining existing start-ups, and to the introduction of a small budget to support firms contributing to the COVID-19 response program of the government.

Factors subject to World Bank control

77. **Given delays in project implementation, the government requested a no-cost twelve-month closing date extension to complete outstanding activities.** Based on confidence that the project objectives would overall still be achieved by the closing date, the Bank signaled its decision to decline the request early in the process and encouraged the Government instead to focus implementation on the most important aspects of the project in the remaining time**.** While the extension could have resulted in the achievement of additional results (especially for BPC and SMAF), Bank assessment was that the marginal benefit of extension did not sufficiently justify the additional administrative cost associated with an extension**.** Proper assessment of the impact of the SMAF or BPC2 could not be done since many of the projects were only being completed in the final months of the project life.

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

79. **The five initial PDO indicators were generally well chosen, though the targets were sometimes too low.** In the case of beach restoration, the final result was 13 times as large. Measuring the increase in private investment in hotels in Saly was closely aligned with the DPO. Once again, the target of a 2 percent increase seems low, especially given that the sector was in crisis at the start of the project, due to both coastal erosion and the depressing effect of the Ebola outbreak in West Africa. The indicator related to the survival rate for new businesses supported by the BPC was very relevant and easy to measure, and the targets were consistent with international experience. Measuring growth in exports was an obvious choice for the SMAF, though a 2 percent increase is not very ambitious and does not capture

the impact on firms with no exports in the base year. The final PDO indicator on OSS services was also appropriate, though it needed more specificity which was added later.

80. **The intermediate indicators comprised many useful measures.** These included some which tracked outcomes, such as total jobs created and the increase in the value of exports. There were two gender indicators – number of women entrepreneurs receiving training in business plan design, and the share of all beneficiaries who were women. The latter could have been disaggregated for the SMAF and BPC to better track their individual performance.

81. **The PAD also envisaged impact evaluations and committed to cover the associated costs.** The project would handle data collection and the World Bank would provide researchers' time and travel. The team tried to identify funding sources but was unsuccessful. This would have been very useful given the measurability of key results for the small enterprise component, and the complexity of the task, including establishing baselines and determining the net impact by identifying a control group. It is especially important to confirm value for money when subsidizing the private sector.

82. **A Theory of Change was not required at the time of appraisal.** Nonetheless, a draft was prepared by the project team and a revised version is presented above. This demonstrates that there was a clear link between objectives, project inputs, and outcome indicators.

M&E Implementation

83. **Indicators were monitored on a regular basis through supervision missions approximately every six months.** Two beneficiary satisfaction surveys were conducted, and a Project Management Officer at APIX oversaw M&E, in addition to assistant M&E specialists hired at ADEPME. However, implementation suffered several problems. Baseline data was not collected for the level of private sector investment in Saly hotels, and ADEPME relied on company applications for information on their exports, sales, and employment. It was only in March 2022 that the agency conducted an extensive field visit and realized some of the weaknesses in data reliability. They then concentrated on establishing a baseline for 2021. Data on other beneficiaries remained unavailable or incomplete. These problems were partly related to the significant workload for project staff in charge of M&E at APIX and ADEPME. In addition, no proper impact evaluations were conducted due to the inability of the World Bank team to raise trust fund resources.

84. **After the mid-term review, several changes were made**.[15] The PDO indicator on export growth was redefined to remove the arbitrary nature of the 2 percent target and focus on the share of SMAF beneficiaries registering an increase in exports. Some of the intermediate indicators were dropped to reflect changes in the project activities, and others were streamlined or redefined. Dropping the measure of BPC survival rates in favor of growth in revenues meant that BPC1 was no longer effectively evaluated, though the project continued to monitor survival. The new indicator was intended for BPC2, but reliable baseline data was not available, and there was insufficient time before project closure to generate useful results. The PDO-level indicator on private investment in Saly hotels was dropped because baseline data was not collected, and the team was advised that it surpassed the scope of the project. Nonetheless, it seems very closely tied to the PDO and worth maintaining.[16]

[15] An M&E specialist was hired to redefine the results framework, but it was not very successful.

[16] Indeed, a World Bank Managing Director asked this very question when he visited the project in 2022.

M&E Utilization

85. **It is not clear how the M&E framework was utilized**. The revised PDO indicators could only be assessed at the end of the project, and even then, only partially, so there was no opportunity to inform project implementation. The relatively high survival rate of new firms under BPC1 might have encouraged continued support of new entrepreneurs under BPC2 but the advent of COVID-19 and fiduciary considerations prompted a switch to existing start-ups.

Justification of Overall Rating of Quality of M&E

86**. The overall quality of M&E was modest**. The mid-term review identified several problems with the results framework but some of the changes did not necessarily result in better M&E. There was under-investment in M&E capacity in the project team that undermined the opportunity for a full evaluation of outcomes and impact evaluation.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

Social and Environmental Compliance

87. **The project had a well-designed framework to deal with potential environmental and social impacts.** Before the project was approved, a detailed Environmental and Social Impact Assessment (ESIA) of the proposed beach restoration works was undertaken by international technical consultants, who also collaborated closely with the design consultants. The ESIA included a baseline analysis and detailed the potential positive and negative impacts and recommended mitigation measures. Three rounds of consultations were undertaken with primary stakeholders and the revised ESIA and Environmental and Social Management Plan were disclosed in December 2016. Another ESIA specifically focused on the dredging operation was conducted when it was decided not to procure sand from quarries. When it was decided to extend the works to include a second village, another Environment and Social Management Plan was prepared.

88. **A local NGO was hired to manage communications with and accompany the local communities.** Businesses, communities, and individuals were informed of the beach restoration project and invited to submit requests for compensation if they felt they were to be adversely affected by the work. A Grievance Redress Mechanism was in place by October 2019. A Resettlement Policy Framework was agreed prior to project approval and the Resettlement Action Plan was approved one year after. Funding for compensation was to come from the government, which resulted in delays, but APIX stepped in with some initial funding to get the beach restoration started. Eventually all justified payments were made. Only one case was rejected – a hotel which was unable to provide adequate documentation to justify compensation.

89. **Perhaps the most important outcome of this process was the redesign of the delivery of sand in response to concerns expressed by the communities and hotels.** In the process of consultation with stakeholders (local and regional administration, tourism businesses, fishermen, women fish processors, coastal residents) several changes were made in the project design. Initially the idea was to bring sand from quarries using some 100 trucks per day. This was dropped, due to various issues, including noise, the risk of accidents and the degrading effect on local roads. Instead, it was agreed that sand would be dredged offshore and brought in by barge. Similar changes were made in the plans to stockpile rocks for the breakwaters, which were moved away from residences. The configuration of access roads was also modified. All these changes helped to reduce considerably the necessary compensation to affected parties, while facilitating the timely execution of the project.

90. **The project went much further, contributing to significant improvements in the well-being of nearby fishing villages.** The beach restoration works were extended to the north and south of the hotels to include two villages, allowing the many fishermen to once again land directly in front of their homes, and giving the women immediate access to the fish for drying and sale. The project also financed related infrastructure in these villages, including planting of coconut trees and installation of solar lights all along the beach to improve security and cleanliness. Community projects were also undertaken to improve local working conditions (fishing stores, drying racks, refrigerated containers, storage sheds) as well as the organization of garbage collection. Not surprisingly, the villagers are very pleased with the results as shown by the positive results of the two satisfaction surveys conducted by the project.

91. **The project was also mindful of potential environmental impacts.** Mangrove forests along the coast at Joal-Fadiouth were strengthened to offset any potential increase in storm surge which might result from the dredging of sand off-shore. Underwater reefs were constructed to promote the recovery of marine life. SAPCO and the city hall of Saly were equipped with additional equipment to manage waste collection in-town and on the beach.

92. **The project was slower in addressing social and environmental concerns in component 2.** There were delays in applying the Environmental and Social Management Framework to the BPC and SMAF, and it was only revised to include sub-component 2.3 in June 2020. This contributed to an overall safeguards rating of moderately unsatisfactory in October 2019 and January 2020. However, by June ADEPME had classified 150 BPC projects in three environmental categories (A, B or C); organized four awareness-raising workshops on the integration of environmental aspects and assisted winners in preparing their environmental action plan. A dedicated safeguards specialist was hired for ADEPME. Eventually, an environmental and social charter was signed by the BPC winners. The safeguard rating improved to moderately satisfactory in June 2020, and to satisfactory by December 2021.

93. **At a strategic level, the project financed the preparation of a plan to make Saly a 'green' resort – *Saly Ville Verte.*** It also helped establish a social and environmental unit at SAPCO. This should play an important role in managing the development of new tourism stations for which SAPCO was recently given responsibility.

Fiduciary compliance.

94. **Financial management and procurement were generally rated as moderately satisfactory throughout the project.** The main concerns were the failure of many BPC1 winners to properly justify the use of the first grant payments received, and the delays in mobilizing counterpart funds from the government. The payments lacking adequate documentation amounted to CFAF304 million or roughly US$465,000. However, it was noted that the initial payments were made in accordance with approved procedures and that no further payments were made to these enterprises. Thus, there were no ineligible expenditures. Mitigation measures were taken for the second BPC, changing the target to established start-ups and eliminating cash advances by the project. The external auditor issued an unqualified opinion for the 2020 financial statement. While the rating remained at moderately satisfactory in the final ISR of June 2022, the overall financial management of the project was judged to be satisfactory in the accompanying text.

C. BANK PERFORMANCE

Quality at Entry

95. **The World Bank invested considerable time and resources to define the scope of the project and initiate key activities prior to approval.** The addition of the beach restoration was probably the single most important thing needed to revive the tourism sector, so the Bank did well to proceed despite misgivings about the inherent difficulties. This intervention benefited from analytical work the Bank had undertaken on the impact of climate change on Senegal's

coast and solutions for adaptation. The choice of APIX was well-founded, given their track record with major construction projects. The matching grants scheme was modelled on a successful project in Tunisia, while the business plan competition was inspired by the experience in Nigeria. Project staff were taken on study tours to both countries. The selection of ADEPME to manage these two components was also justified given the experience of their staff.

96. **On the other hand, the project remained complex in its institutional arrangements and ownership in the ministry responsible for tourism was weak.** World Bank preference for large projects resulted in the combination of activities which would probably have worked better in two smaller projects. The capacity at the tourism ministry appears to have been overestimated, though it made sense to try to strengthen it given the critical role of the sector.

97. **The launch of the BPC1 was particularly problematic**. The procedures manual should have been ready before project approval and not one year later. The Bank should not have removed the requirement to interview winners before finalizing the selection, as this prevented ADEPME from identifying entrepreneurs who had hired someone else to write their proposal and did not master the details. Nor should they have agreed to the announcement of BPC1 winners until after the project was approved and effective, and coaching services and payment modalities were in place. This led to considerable frustration among winners and generated bad publicity for the project. The fiduciary controls could have been simplified to adapt to the lack of experience of first-time entrepreneurs, including possibly greater acceptance of risk. ADEPME should probably have been given fiduciary responsibility and a sub-account for their components. This request was made during implementation but rejected by the Ministry of Finance.

Quality of Supervision

98. **The Bank's project leadership was affected by several changes during both project preparation and implementation.** These many changes and the steep learning curve required with each new Task Team Leader (TTL) likely impacted the efficiency in which the project was implemented. Having said that, the addition and constant presence of a field based co-TTL from the Urban sector, with experience and familiarity with the local context, helped ensure that the infrastructure component was implemented in a satisfactory manner.

99. **Supervision missions were conducted approximately every six months, ISRs were candid, and key problems were documented.** With the advent of COVID-19, the FCI TTL was unable to travel from Ghana for the last two years of the project, so her supervision had to be conducted on-line, as was the case even for Dakar-based staff. However, by then she had established a good working relationship with the project team, so this arrangement probably did not adversely affect the project.

100. **An intensive period of supervision, followed by a mid-term review, helped turn the project around and get it out of problem status.** The Bank team worked with the project to draw lessons from the BPC1 and take corrective action, including revision of the manual of procedures and a change in the target beneficiaries. Capacity at APIX and ADEPME was strengthened with the recruitment of additional procurement, financial management and M&E staff. This provided the assurances necessary to launch both the BPC2 and the SMAF. Meanwhile, the Bank team also worked intensively with the tourism ministry and its agencies to agree on a detailed work program. Significant responsibility was delegated to the two agencies, where focal points were appointed to ensure follow-up. At the time of the mid-term review, in January 2020, the progress toward achieving the PDO, project implementation, and safeguards were still rated as "moderately unsatisfactory" due to delays in their implementation in the SMAF and BPC components. By the end of 2020, progress on the PDO was rated as "moderately satisfactory" while project implementation had improved to "satisfactory". These two ratings continued until project completion. Safeguards also improved to "moderately satisfactory" by the end of 2020.

101. **A level 2 restructuring was approved in April 2020.** It included an appropriate reallocation of some resources from the BPC to the SMAF, and a reduction in the number of BPCs. The team proposed a significant reallocation of funds from grants to technical assistance for both enterprises and project staff, in recognition of the importance of

coaching and the need for faster implementation. Changes made to the results framework were both positive and negative, as described above. At this time, the team also responded well to the COVID-19 pandemic, as described above.

102. **Bank fiduciary requirements and procurement procedures sometimes posed a problem.** The project was supported by procurement and financial management as well as safeguards staff at the Dakar office, where there was also some turnover at the beginning of the project. The rigorous attention to documentation to justify initial BPC1 disbursements and insistence on tracking down delinquent beneficiaries slowed down project implementation. Rules governing the number of companies from one country on a short-list apparently contributed to unsuccessful calls for proposals. By restricting the number of French companies to two in the case of a tender on tourism branding, the client ended up with no francophone offers after these two opted out. As a result, the contract was never awarded. In both cases, a more flexible approach would have been helpful. Ideally, more would have been done to address the continued delays in the process of approving payments.

103. **The decision not to allow cash advances for BPC2 posed a significant problem for young start-ups.** The project was able to arrange with a commercial bank to provide bridge financing until grants could be paid. The idea was good, but it led to problems for the commercial bank and beneficiaries when payments from the project were sometimes delayed for more than six months.

Justification of Overall Rating of Bank Performance

Overall Bank performance was moderately satisfactory. The main problems were in the preparation phase, notably the complexity of design, inadequate readiness for implementation, overestimation of capacity, absence of procedure manuals and problems in the launch of the BPC1. However, the decision to add a beach restoration component was an important contributor to the success of the project. Supervision was satisfactory, despite some early instability at the level of TTLs.

D. RISK TO DEVELOPMENT OUTCOME

104. **Significant risks remain in terms of beach maintenance, but the prospects for a sustained positive impact are encouraging.** The breakwaters and groins have a 10-year guarantee from the contractor but should last several decades longer with minimal maintenance. The biggest concern relates to the lack of a firm agreement on how to finance the maintenance of the beach sand recharge achieved under the project. As waves, currents and storm surge displace substantial amounts of sand every year, this is an immediate and recurring problem. However, the total budget is not large relative to the number of beneficiaries and their financial capacity (the estimated annual cost is CFAF200 million or roughly US$300,000). The municipality of Saly and the association of gated communities (*residences*) have already committed funds in principle, and it would be very surprising if the hotels did not eventually join. Negotiations were on-going four months after project closure. The initial proposal is to have a tripartite arrangement with the mayor's office contributing 15 percent, the central government 35 percent, and the hotels and gated residences 50 percent. The hotels were arguing that all the commercial establishments in Saly also benefit from the revival of tourism and should contribute. The benefits for them are enormous, and the arrival of some new players with deep pockets bodes well for an eventual solution. SAPCO seems well-placed to manage these negotiations and ensure success.

105. **The future of the tourism sector more generally is also bright.** The President continues to emphasize his commitment to growing the sector which figures prominently in his development strategy, the Emerging Senegal Plan. SAPCO appears capable of managing the expansion of beach tourism to new locations on the coast, following

up on two plans developed by the project for Mbodiene and Kafountine. ASPT should be able to implement its new marketing strategy. Questions remain about the capacity of the Ministry of Tourism, but its renewed status as a stand-alone ministry separate from air transport should help improve its focus. Tourism is bouncing back strongly from the COVID-19 shock. The *Saly Ville Verte* plan is likely to be supported in a new World Bank project on secondary cities.

106. **The BPC1 has so far generated a surprisingly good survival rate for new enterprises.** So, even if, as expected, there is further attrition, the final result may exceed international benchmarks. The shift to existing start-ups in BPC2 should produce more sustainable enterprises. The dynamism of the SMAF beneficiaries, even before completing their SMAF projects and in the context of COVID-19, suggest that this group has good potential for further growth. Total exports increased from CFAF4.8 billion in the base year (2019 or 2020 depending on the firm) to CFAF11.5 billion in 2021. Business should continue to improve with the apparent end of the COVID-19 pandemic in Senegal, though there remains the risk posed by new variants. In the past few years, the Government of Senegal has also taken several steps towards strengthening the entrepreneurship ecosystem that contribute towards sustaining project results. These include the establishment of the *Délégation Générale à l'Entreprenariat Rapide des Femmes et des Jeunes (DER)*, the approval by Parliament of the Startup Act, among others.

107. **Finally, the OSS established by APIX in three regions should be sustained and strengthened over time.** Demand for their services is strong and APIX has the capacity to support their growth. Other agencies such as ADEPME and ASPT are being approached to share the new premises, and some services will be offered for a fee. APIX now has a business plan for the operation of these regional offices.

V. LESSONS AND RECOMMENDATIONS

110. **FCI should remain open to infrastructure projects and seek collaboration with other global practices, where necessary, to help in their implementation.** More generally, this project illustrates the importance and benefits of collaboration between practice groups when working on cross-sectoral issues to achieve significant results. The beach restoration component was initially resisted due to the lack of experience and expertise in FCI, and concerns over the inherent delays which would result due to social and environmental safeguards. Yet it turned out to be the most successful part of the project, with a major impact on private investment, in large part thanks to the successful collaboration with the Urban Development and Resilience practice.

111. **Supporting enterprise creation is feasible but requires more than funding.** New entrepreneurs need to be interviewed prior to selection, accompanied by advisory services, and monitored. But they also need flexible systems which correspond to their limited experience and the inherent risks involved. The Bank should explore mechanisms to allow for simplified procedures which accept that a significant number of new enterprises will not survive, while speeding up the process of payment to increase the likelihood of success. Resources were reallocated to technical assistance in the restructuring, but disbursement delays remained a problem.

112. **The capacity and readiness of implementing entities needs to be thoroughly assessed prior to project approval or effectiveness and project interventions tailored accordingly.** Project implementation was significantly affected by the lack of sufficient staff in APIX for procurement and financial management. ADEPME did not have sufficient M&E capacity. The capacity of the ministry of tourism to manage some project activities and coordinate with SAPCO and ASPT on others was overestimated. Corrective action was eventually taken, but by then there had been significant delays which affected the achievement of some objectives.

113. **Consultation with stakeholders early in the project design phase can produce major benefits.** The implementation of the coastal preservation program in collaboration with the beneficiaries (hotels and fishing

villages) led to redesign of the approach in favor of offshore sand sourcing. This resulted in greater efficiency through less disruption of economic activity, less air and noise pollution, lower compensation costs, and higher beneficiary satisfaction.

114. **A greater effort is needed to learn from experience. Many of the lessons learned from the previous FCI project in Senegal, the Private Investment Promotion Project, could be repeated verbatim for this project. These include:**

i. Consensus about the content of project activities is critical to ensuring ownership and successful implementation
ii. The capacity of implementing entities needs to be thoroughly assessed prior to project approval or effectiveness
iii. Adequate M&E framework and impact evaluation mechanisms should be institutionalized at project inception
iv. Steering committee composition should be balanced and inclusive, and benefit from high level representatives able to influence and/or accelerate decision-making

ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Create conditions necessary to increase private investment in tourism in the 'Saly' area

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Net area of beaches gained due to protection and restoration investments under the project in the intervention areas (according to defined criteria: sand beach for swimming, fisherman village areas -	Square Meter(m2)	0.00 04-Jan-2017	25,000.00 30-Jun-2022		375,000.00 25-May-2022
Comments (achievements against targets):					

Objective/Outcome: Strengthen enterprise development in Senegal

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Share of enterprises	Percentage	0.00	25.00		50.00

supported under the SMAF with increase in annual volume of exports from time of provision of support (Percentage)		04-Jan-2017	30-Jun-2022		30-Jun-2022

Comments (achievements against targets):
This is for a sample of 57 firms and does not include the share of firms with a decline in exports (22%)

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Average increase in annual firm revenue among BPC beneficiaries (Percentage)	Percentage	0.00 04-Jan-2017	2.00 30-Jun-2022		0.00 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Average reduction in time it takes to complete government-to-business services on investment platforms/OSSs	Percentage	0.00 04-Jan-2017	25.00 30-Jun-2022		47.50 25-May-2022

Comments (achievements against targets):

Results achieved based on data from one of three OSSs supported under the project (Saint-Louis)

A.2 Intermediate Results Indicators

Component: Sustainable Tourism Development

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Institutional and financial arrangements for exploiting and maintaining the infrastructures of the beaches have been defined and operationalized	Yes/No	No 04-Jan-2017	No 30-Jun-2022		No 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of groins and breakwaters properly installed	Number	0.00 04-Jan-2017	21.00 30-Jun-2022	19.00 30-Jun-2022	19.00 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Effective public-private dialogue mechanisms for destination access and management are established	Yes/No	No 04-Jan-2017	Yes 30-Jun-2022		No 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Tourism sector beneficiaries who consider that the project is responsive to their views (citizen engagement)	Percentage	0.00 04-Jan-2017	75.00 30-Jun-2022		100.00 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Existence of a functional environmental and social management unit within the tourism development and planning company SAPCO	Yes/No	No 30-Apr-2017	No 30-Jun-2022		Yes 25-May-2022

Comments (achievements against targets):

Component: Supporting Enterprise Creation and Growth

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of operational regional investment platforms/OSSs established	Number	0.00 04-Jan-2017	3.00 30-Jun-2022		3.00 25-May-2022

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of new workers employed by enterprises supported under the BPC/SMAF	Number	0.00 04-Jan-2017	200.00 30-Jun-2022		359.00 30-Jun-2022

Comments (achievements against targets):
This is only for BPC1 and a sample of SMAF firms and only refers to full time positions.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Firms benefiting from private sector initiatives	Number	1,890.00 30-Apr-2017	1,200.00 30-Jun-2022	3,365.00 30-Jun-2022	19,121.00 25-May-2022
Share of women-led firms benefiting from private sector initiatives	Percentage	0.00	30.00	25.00	32.00

Comments (achievements against targets):

B. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1 Create conditions necessary to increase private investment in tourism in the 'Saly' area	
Outcome Indicators	1. Net area of beaches gained due to protection and restoration investments under the project in the intervention areas (according to defined criteria: sand beach for swimming, fisherman village areas.
Intermediate Results Indicators	1. Institutional and financial arrangements for exploiting and maintaining the infrastructures of the beaches have been defined and operationalized. 2. Number of groins and breakwaters properly installed. 3. Tourism sector beneficiaries who consider that the project is responsive to their views. 4. Existence of a functional environmental and social management unit within the tourism development and planning company SAPCO. 5. Effective public-private dialogue mechanisms for destination access and management are established.
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	1. 19 breakwaters and groins installed. 2. Beach restored in front of hotels and two fishing villages. 3. Fish drying racks, storage, beach lighting and other amenities provided to fishing villages. 4. Mangrove coastline reinforced at Joal-Fadiouth. 5. Maintenance plan for beach infrastructure prepared. 6. Environmental and Social Management unit established at SAPCO. 7. Beneficiary survey conducted. 8. Saly Ville Verte plan prepared. 9. Tourism data updated. 10. Hotel classification updated. 11. Tourism code approved. 12. Competitiveness study and marketing strategy finalized

	13. Development plans for Mbodiene and Kafountine-Abene prepared and approved. 14. Study tours conducted to Morocco, France and Canada. 15. Attendance at tourism trade fairs supported. 16. Digitization strategy for tourism prepared and approved.
Objective/Outcome 2 Strengthen enterprise development in Senegal	
Outcome Indicators	1. Share of enterprises supported under the SMAF with increase in annual volume of exports from time of provision of support. 2. Average increase in annual firm revenue among BPC beneficiaries. 3. Average reduction in time it takes to complete government-to-business services on investment platforms/OSSs.
Intermediate Results Indicators	1. Number of operational regional investment platforms/OSSs established. 2. Number of new workers employed by enterprises supported under the BPC/SMAF. 3. Firms benefiting from private sector initiatives. 4. Share of women-led firms benefiting from private sector initiatives.
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	1. 146 new enterprises supported in BPC1 with business plan development, grants and coaching. 2. 140 start-ups supported in BPC2 3.132 exporters, 10 professional associations, and 10 enterprises supplying the COVID campaign received matching grants 4. 359 permanent jobs created by BPC1 and a sample of SMAF beneficiaries with many more to be determined. 5. Three regional one-stop-shops created 6. Nine mobile one-stop-shop missions conducted 7. Tax declaration digitized 8. Women-led enterprises accounted for 36% of SMAF beneficiaries, 33% of BPC winners, and 31% of firms served by the OSS. 9. Over 19,000 firms supported across the 3 programs.

	10. Trade fair for exporters held in Dakar.

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Kofi-Boateng Agyen, Laurent Olivier Corthay, Isabelle Celine Kane	Task Team Leader(s)
Mountaga Ndiaye	Procurement Specialist(s)
Fatou Fall Samba	Financial Management Specialist
Faly Diallo	Team Member
Sofya Muradyan	Team Member
Irene Marguerite Nnomo Ayinda-Mah	Team Member
Shaun Mann	Team Member
Ruxandra Costache	Counsel
Astou Diaw-Ba	Team Member
Aissatou Diallo	Team Member
Mehdi Benyagoub	Team Member
Maman-Sani Issa	Safeguards Advisor/ESSA
Ruma Tavorath	Social Specialist
Ruma Tavorath	Environmental Specialist
Alexandra C. Bezeredi	Social Specialist
Jean Michel Noel Marchat	Team Member
Yacouba Konate	Social Specialist
Supervision/ICR	
Farah Dib, Isabelle Celine Kane	Task Team Leader(s)
Ndeye Fatou Mbacke, Laurent Mehdi Brito, Mountaga Ndiaye	Procurement Specialist(s)

Fatou Mbacke Dieng	Financial Management Specialist
Mohamed Moustapha Sarr	Team Member
Clement Gevaudan	Team Member
Ghislaine Kouedi Nombi	Team Member
Mame Safietou Djamil Gueye	Social Specialist
Joelle Nkombela Mukungu	Environmental Specialist
Sophie Martine Olivia Wernert	Counsel
Roselyne CH Massanvi Akibode Mabudu	Team Member
Meriem Ait Ali Slimane	Team Member
Anupa Aryal Pant	Team Member
Sofya Muradyan	Team Member
Nikolai Alexei Sviedrys Wittich	Procurement Team
Shaun Mann	Team Member
Seynabou Thiaw Seye	Procurement Team
Anta Tall Diallo	Procurement Team
Youssouf Sakho	Team Member
Ganna Musakova	Team Member
Alexandra C. Bezeredi	Social Specialist

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY14	12.995	91,493.86
FY15	34.077	186,091.90
FY16	22.156	62,081.94
FY17	31.647	151,698.56

FY18	0	-2,062.33
FY22	0	63,420.50
FY23	.870	4,053.27
Total	**101.75**	**556,777.70**
Supervision/ICR		
FY15	0	0.00
FY17	0	7,516.50
FY18	29.448	165,591.43
FY19	30.606	164,712.16
FY20	27.974	160,875.30
FY21	33.551	220,031.54
FY22	55.249	482,701.54
FY23	23.345	325,541.62
Total	**200.17**	**1,526,970.09**

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (US$M)
1. Sustainable Tourism Development, of which 1.1 Destination strengthening 1.2 Beach renovation	50.00 7.0 43.0	49.46 5.60 43.86	98.92
2. Supporting Enterprise Creation and Growth 2.1 SMAF 2.2 BPC 2.3 Sub-national business environment	19.50 6.0 10.0 3.5	17.11 6.54 7.98 2.59	87.74
3. Project implementation	4.50	3.78	84.00
Total	**4.50**	**70.35**	**95.06**

ANNEX 4. EFFICIENCY ANALYSIS

(a) **Appraisal Analysis**

1. The Project Appraisal Document (PAD) reports in its Annex 5 that a quantitative cost-benefit analysis was carried out for the project components. The indicator of economic efficiency adopted was the Net Present Value (NPV). For the Base Case, the discount rate adopted was 6 percent. The Base Case results as reported in the PAD (Annex 5) are summarized in the following table:

Component	**NPV (US$ million)**
Restoration of Saly Beach	43.02
SMAF Matching Grant Scheme	48.93
Business Plan Competition Scheme	64.46
Investment Climate Improvement	63.23
Total	**219.64**

2. Restoration of Saly Beach: Regarding benefits, the main assumptions in the ex-ante analysis were: (i) average increase of 55,000 tourists over a five-year period; (ii) creation of an additional 400 jobs; (iii) safeguarding of existing 500 jobs; and (iv) average increase in hotel turnover of CFAF 42 billion per year with estimated net profits of CFAF 400 million in two years and CFAF 1.5 billion in five years. Capital costs were included in the analysis. There is a lack of clarity as to inclusion of operational and maintenance costs.

3. SMAF Matching Grant Scheme: Regarding benefits, the main assumptions were: (i) additional value of exports generated by the program; and (ii) salaries of additional jobs created. Exports per firm were assumed to increase by 38.9 percent based on data drawn from a similar project in Tunisia. Growth of jobs per firm was assumed at 5 percent based and the monetary value of each job created was CFAF 1.19 million (based on data for SMEs from local databases). Capital cost were included in the analysis. There is a lack of clarity as to inclusion of operating and maintenance costs. Thus, it is not clear whether the increase in exports are gross export revenues or net export revenues.

4. Business Plan Competition: Regarding benefits, the main assumptions were: (i) growth of sales revenues of the newly created businesses; and (ii) salaries of jobs created. The assumed annual rate of growth of sales was 5 percent (based on data from other countries). Capital costs were included in the analysis. There is a lack of clarity as to inclusion of operating and maintenance costs.

5. Investment Climate Improvements: Regarding benefits, the main assumptions were: (i) 5 percent increase in business creation; (ii) about 250 additional businesses created over a three -year period; and (iii) 8 additional jobs created per firm. Data were based on an earlier study for the St. Louis region. Capital costs were included in the analysis. There is a lack of clarity as to inclusion of operating and maintenance costs.

(b) **Post-Completion Analysis**

6. Quantitative Assessment: A comparable post-completion quantitative assessment of the Project's costs and benefits is constrained by the lack of relevant quantitative data. While the PAD assumed that the impact of the project interventions would result in operational gains over a period of five years during project implementation, the actual observable results that can be attributed to the Project are limited due to (i) initial delays in implementation and award of the grants which impacted the SMAF and BPC beneficiaries; and (ii) limited actual (as against planned) investments in the hotels in Saly. Together with the adverse impact of the COVID pandemic starting late 2019, this affected tourism activity in Saly (and other resorts in Senegal). Moreover, the COVID pandemic impacted negatively on the actual results for 2020 and 2021 under the SMAF and BPC components thereby reducing their value as indicators of the baseline situation. For these reasons, a meaningful cost-benefit analysis based on estimation of post-completion NPVs for the project components is not possible. However, based on the available data, a limited assessment is provided below regarding each of the project components.

7. Restoration of Saly Beach (estimated cost at appraisal US$43m; actual cost US$43.86m): The restoration can reasonably be assumed to have contributed to (i) preserving the value of some business and residential assets in Saly and (ii) safeguarding some existing jobs that would otherwise have been adversely affected. A study carried out under the project indicates that the beach restoration interventions have prevented a loss of about US$30m equivalent in terms of preventing hotel closures and job losses that would have occurred without the project. While some hotels closed, the ongoing restoration of Saly beach seems to have contributed to the decision by at least nine other hotels to remain open and even invest in improving and expanding their facilities. At least three international chains have announced plans to establish large hotels in Saly. The total value of investments is expected to exceed US$350 million. If they materialize, these outputs can be expected to contribute to a progressive increase in tourism in Saly. In this regard, the study estimates that, over a period of five to seven years, the beach restoration interventions under the Project could lead to the following main benefits: (i) increase in tourist arrivals from about 16,000 per year in 2015/2016 to about 70,000 per year; (ii) increased investment of about US$80m in the Saly beach hotels; (iii) safeguarding of an existing 500 jobs and addition of another 300 to 450 jobs with a total income of US$2m per year; (iv) reopening of other closed tourism related businesses with an income of US$1.3m per year; and (v) increase in hotel business turnover of about US$66m per year with profits of about US$24m per year. If these levels are substantially achieved in future, the efficiency of this component could be Substantial. However, given the limited actual achievements at the time of project closing, the component's economic efficiency is conservatively rated Modest in the ICR.

8. SMAF Matching Grant Scheme (estimated cost at appraisal US$6m; actual cost US$6.54m): The launch of the program was delayed to October 2019. To obtain a preliminary idea of the Project's impact, the Project's M&E team visited a sample of 57 enterprises (out of a total of 142 supported under the program) that had received at least 40 percent of their grants by March 2022. Out of this sample, 42 firms reported export activity in 2021 of which 17 reported an increase in exports, 12 a start in exporting, and 13 a decline in exports. For companies which had been exporting for at least two years, the total value of exports was reported to have increased from CFAF 706 million in 2019 (baseline) to CFAF 2,767 million in 2021 although not all this increase can clearly be attributed to the Project. It should be noted that results in the period 2020 to 2022 were adversely impacted by the COVID-19 pandemic, and it is possible that the rate of exports growth would increase in the coming years. The component's economic efficiency is rated Modest in the ICR.

9. Business Plan Competition Scheme (estimated cost at appraisal US$10m; actual cost US$7.98m): Four competitions had been planned of which only two were carried out. The first competition (BPC1) targeted newly created enterprises. The first winners were announced in January 2017. In March 2022, out of a total of 146 grants made, 101 (69 percent) were still functioning, exceeding the project's target of 40 percent. An analysis of the component's economic efficiency is constrained by the lack of relevant data.

10. **For both the SMAF and BPC**, the target in terms of jobs created was exceeded – against a target of 200, the actual number of jobs created was reported to be about 360 (out of which 221 permanent jobs created by 101 beneficiaries of BPC1). This also has economic benefits in terms of income generated through new jobs created.

11. Investment Climate Improvements (estimated cost at appraisal US$3.5m; actual cost US$2.6m): Regarding assessing the incremental impact of the investment climate improvements carried out under the Project, such an assessment is constrained by the issue of attribution of the results primarily to these investments alone. While the target for reduction in time taken to obtain the required government permits and licenses was significantly reduced, it is not possible to estimate the resulting economic benefit to businesses/potential businesses from the reduction in time and effort since the relevant assessments, including beneficiary surveys, were not carried out. An analysis of the component's economic efficiency is constrained by the lack of relevant data.

12. **Overall assessment of economic efficiency**: Based on an assessment covering about 66% of project costs, the overall economic efficiency of the project is conservatively rated Modest. However, it should be noted that the project results during implementation were adversely affected by the impacts of COVID-19 in the years 2020-2022. As discussed above, studies have indicated that the project outcomes could improve over the period of the next five to seven years. Depending upon the degree of achievement, the overall economic efficiency could be Substantial.

ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

Detailed comments were provided by the project team and addressed in the final report. Verbatim comments below are related to delays in payments of grants to BPC and SMAF beneficiaries.

[Concerning BPC1 payment delays] This situation was temporary. It lasted no more than 3 months and concerned a few very incomplete requests. The real problem was related to the poor quality of the supporting documents that APIX received from ADEPME. Moreover, the experience drawn from this first edition served to better organize the second edition.

[Concerning the delayed SMAF launch] There was no causal link. The decision to launch the SMAF later than the BPC was made at the start of the project.

[Concerning financing advances by Ecobank] This information remains to be verified and documented. In addition, the experience of this mechanism of a bridge bank participated in the securing of resources and ultimately in the achievement of objectives. This should be appreciated more as an advantage than a disadvantage.

ANNEX 6. SUPPORTING DOCUMENTS (IF ANY)

O. Cadot, AM Fernandes, J Gourdon, A. Mattoo, "Are the Benefits of Export Support Durable? Evidence from Tunisia", Policy Research Working Paper 6295, Dec. 2012, World Bank.

P. English, The Great Escape? An Examination of North-South Tourism, North-South Institute, 1985.

J. Gourdon, JM Marchat, S Sharma, T. Vishwanath, "Ex-Post Impact Evaluation of an Export Promotion Matching Grant: Tunisia's Second EMAF", MENA Knowledge and Learning Quick Note Series, May 2011, No. 40, World Bank.

D. McKenzie, "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition", American Economic Review, 2017, 107(8), pp. 2278-2307, including annexes available on-line at *https://doi.org/10.1257/aer.20151404*.

République du Sénégal, Rapport d'Achèvement du Projet de Développement du Tourisme et des Entreprises (PDTE), version provisoire, 25 juin 2022.

République du Sénégal, Rapport de Missions Conjointes, Suivi Évaluation/Gestion de Projets et Mise en Œuvre d'Une Politique Environnementale et Sociale au Sein des Entreprises Bénéficiaires du Concours Business Plan et des PME Exportatrices, Mai 2022.

World Bank. The Economic and Spatial Study of the Vulnerability and Adaptation of Coastal Areas to Climate Change in Senegal, Synthesis report. 2013.

World Bank, Nigeria Growth and Employment Project, Implementation Completion and Results Report, Feb. 2020.

World Bank, Senegal Private Sector Promotion Project, Implementation Completion and Results Report, Sept. 2012.

World Bank, Senegal Tourism and Enterprise Development Project, Project Appraisal Document, April 2017.

World Bank, Tunisia Second Export Development Project, Implementation Completion and Results Report, March 2013.

ANNEX 7. THE BEACH AT SALY BEFORE AND AFTER THE PROJECT

Before

Vue en direction du Sud de la plage située au droit de l'Hôtel Saly Princess	Vue en direction du Sud de la partie sud de la plage de l'Hôtel Le Savana. La plage sableuse a complètement disparu et même la promenade de haut de plage a été démolie au cours des tempêtes qui se sont succédées ces dernières années.

After

ANNEX 8. NEW HOTEL INVESTMENTS AT SALY

1. *Radisson Hotel*: construction of a new, 250-room hotel. The total planned cost is FCFA 80 billion (~US$ 124 million) with the expected end date of April 2024; replaces Bougainvilles and Amaryillis hotels.
2. *Amsa/Tulip Hotel Resort*: new hotel located on the site of the former Savana Saly and Coumba hotels; 700 new rooms and a Convention Center. No available cost but likely to exceed US$200 million.
3. *Saly Olympic Suites Hotel*: construction of a new hotel on the Paradis site for 50 ensuite rooms; total investment cost of FCFA 4 billion (~US$ 6.2 million) with the scheduled end date of 2025.
4. *Hotel Palm Beach Saly*: renovation of hotel, and addition of new meeting rooms and suites. Hotel upgraded from 4 to 5 stars. Total investment cost is FCFA 4 billion (~US$ 6.2 million).
5. *Rhino Resort Hotel*: increased capacity by 70 new rooms, plus a new restaurant. The total investment cost is FCFA 2 billion (~US$ 3 million) with expected end date of November 2022;
6. *Saly Hotel (and Fillao)*: renovating the Saly hotel and adding new suites to Fillao. Total investment cost is FCFA 800 million (~US$ 1.2 million).
7. *So Suite*: expanded from 23 to 50 rooms; CFAF230 million (US$ 350k)
8. *Royam:* 117 rooms, renovated to move from 4 to 5 stars.
9. *Club Royal:* renovated with Credit Hotelier finance
10. *Flamboyant*: Upgrading hotel and building conference room; CFAF 63 million (US$100K).
11. *Africa Keur:* Investment of CFAF 50 million (US$ 75k).
12. *Neptune*: no change
13. *Hacienda:* no change
14. *Lamantin*: sold to a group including Accor, to be managed under the Movenpick brand.
15. *Saly Princess*: closed then re-opened, 111 rooms
16. La Teranga Hotel: closed, for sale
17. Espadon: closed; purchased by new owner
18. Les Cocotiers: closed

N.B. Carrefour opening biggest department store in Senegal in Saly; BoA opened second bank branch
Source: SAPCO, 2022.