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REPORT AND RECOMMENDATION  
OF THE  
PRESIDENT TO THE  
EXECUTIVE DIRECTORS OF THE BANK AND OF THE ASSOCIATION  
AND TO THE  
BOARD OF DIRECTORS OF THE CORPORATION  
ON A PROPOSED LOAN BY THE BANK  
TO SOCIETE FINANCIERE SENEGALAISE  
POUR LE DEVELOPPEMENT DE L'INDUSTRIE ET DU TOURISME  
WITH THE GUARANTEE  
OF THE  
REPUBLIC OF SENEGAL  
ON A  
PROPOSED DEVELOPMENT CREDIT BY THE ASSOCIATION  
TO THE  
REPUBLIC OF SENEGAL  
AND  
ON AN INVESTMENT BY THE CORPORATION  
IN SOCIETE FINANCIERE SENEGALAISE  
POUR LE DEVELOPPEMENT DE L'INDUSTRIE ET DU TOURISME  
FOR AN INVESTMENT PROMOTION PROJECT

March 30, 1981

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## CURRENCY EQUIVALENT

Currency Unit	=	CFA Franc (CFAF)
US\$1	=	CFA 235
CFAF 1 million	=	US\$4,255

The CFA Franc is pegged to the French Franc at the fixed rate of CFAF1 = FFO.02 and floats vis-a-vis the US dollar.

## FISCAL YEAR

Government and SONEPI	=	July 1 - June 30
SOFISEDIT	=	October 1 - September 30

## ABBREVIATIONS

BADEA	Banque Arabe pour le Developpement Economique de l'Afrique
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BHS	Banque de l'Habitat du Senegal
BIAO	Banque Internationale pour l'Afrique de l'Ouest
BICIS	Banque Internationale pour le Commerce et l'Industrie - Senegal
BNDS	Banque Nationale de Developpement du Senegal
BOAD	Banque Ouest Africaine de Developpement
CCCE	Caisse Centrale de Cooperation Economique
CEAO	Communaute Economique de l'Afrique de l'Ouest
CII	Comite Interministeriel des Investissements
CSCE	Centre Senegalais du Commerce Exterieur
CVCCEP	Commission de Verification des Comptes et de Controle des Etablissements Publics
DEG	Deutsche Entwicklungsgesellschaft
EEC	European Economic Community
KfW	Kreditanstalt fur Wiederaufbau
MIDA	Ministere du Developpement Industriel et de l'Artisanat
ONCAD	Office National de Cooperation et d'Assistance au Developpement
SGBS	Societe Generale de Banque au Senegal
SOFISEDIT	Societe Financiere Senegalaise pour le Developpement de l'Industrie et du Tourisme
SONAGA	Societe Nationale d'Assistance et de Garantie
SONEPI	Societe Nationale d'Etude et de Promotion Industrielle
SOSEPRA	Societe Senegalaise pour la Promotion de l'Artisanat
SSE	Small- and Medium-Scale Enterprises
TCR	Taxe de Cooperation Regionale
TPS	Taxe sur les Prestations de Service
USB	Union Senegalaise de Banque

REPUBLIC OF SENEGAL

INVESTMENT PROMOTION PROJECT

Loan, Credit, Investment and Project Summary

Borrowers: Republic of Senegal

Societe Financiere Senegalaise pour le Developpement  
de l'Industrie et du Tourisme (SOFISEDIT)

Beneficiaries: SOFISEDIT  
Societe Nationale d'Etudes et de Promotion Industrielle (SONEPI)  
Ministry of Industrial Development and Artisans (MIDA)

Amount: IFC Investment: CFAF 50 million (about US\$250,000 equivalent)  
IDA Credit: SDR 2.1 million (US\$2.5 million equivalent)  
Bank Loan: US\$6.5 million equivalent

Terms: IFC Investment: Equity participation in SOFISEDIT  
IDA Credit: Standard  
Bank Loan  
to SOFISEDIT: 18 years including 3 years of grace  
with a flexible amortization schedule,  
interest at 9.6 percent p.a. and foreign  
exchange risk carried by Government.

Relending

Terms: SDR 0.8 million to SOFISEDIT as subordinated debenture  
(IDA Credit) with flexible interest and principal repayments tied to  
dividends and sales of investments. SDR 1.0 million as  
grants to SOFISEDIT and SONEPI (for technical assistance).

Project

Description: The major objective of the project is to assist Senegal's  
efforts to promote productive investments, notably, in  
export-oriented industries. To that effect, IFC would par-  
ticipate in SOFISEDIT's capital increase. In addition, the  
proposed project would provide: (a) SOFISEDIT with equity and  
term resources to make sound investments in the industrial,  
fisheries and tourism sectors; (b) technical assistance to  
strengthen SOFISEDIT financially and institutionally; (c)  
support to SONEPI and thereby improve the promotion of small-  
and medium-scale enterprises; (d) funds to study and identify  
appropriate changes in Government policies and procedures to  
enhance productive investments; and (e) training for the  
Ministry of Industrial Development and Artisans.

Benefits

and Risks: By providing technical and financial assistance to productive  
investments, the project would help increase participation of  
local entrepreneurs in the industrial sector and create employ-  
ment. In the longer term, the project would build up SOFISEDIT's

capacity to promote and supervise efficiently sub-projects in the industrial, fisheries and tourism sectors and help the Government and SONEPI streamline their investment promotion role. The project faces the risks associated with the difficult economic climate of Senegal (reduced market, high production costs) which may discourage entrepreneurs.

<u>Estimated Cost:</u>	<u>Foreign</u>	<u>Local</u>	<u>Total</u>
	-----US\$ '000-----		
Sub-projects	9,800	6,350	16,150
Technical Assistance			
(a) SOFISEDIT			
(i) Advisors	600	150	750
(ii) Training	100	-	100
(b) SONEPI			
(i) Performance audit	90	10	100
(ii) Budget Support	200	50	250
(iii) Consultants	200	50	250
(c) Ministry of Industrial Development			
(i) Studies	90	10	100
(ii) Training	90	10	100
(d) Unallocated	100	-	100
Total Cost (including taxes)	11,270	6,630	17,900
(Taxes)*	-	(2,170)	(2,170)
Total Cost Net of Taxes	<u>11,270</u>	<u>4,460</u>	<u>15,730</u>

\* Based on an average tax rate of 15 percent for investments and local technical assistance expenditures.

<u>Financing Plan:</u>	<u>Foreign</u>	<u>Local</u>	<u>Total</u>
	-----US\$ '000-----		
IBRD/IDA	8,970	30	9,000
Entrepreneurs	-	4,845	4,845
Commercial Banks/Suppliers' Credits	2,300	1,505	3,805
SOFISEDIT	-	150	150
Government	-	100	100
Total (including Taxes)	<u>11,270</u>	<u>6,630</u>	<u>17,900</u>

<u>SOFISEDIT Capital Increase:</u>	<u>-----CFAF million-----</u>			
IFC	50	-	50	
Other foreign shareholders	225	-	225	
Other local shareholders	-	475	475	
Total	<u>275</u>	<u>475</u>	<u>750</u>	
<u>Estimated Disbursements of</u> <u>IBRD/IDA Funds</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>
Annual	2.3	2.7	3.0	1.0
Cumulative	2.3	5.0	8.0	9.0

Economic Rate of Return: N.A.

Staff Appraisal Report: Report No. 3179a-SE, dated March 26, 1981.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

REPORT AND RECOMMENDATION OF THE PRESIDENT  
TO THE EXECUTIVE DIRECTORS OF THE BANK AND OF THE ASSOCIATION  
AND TO THE BOARD OF DIRECTORS OF THE CORPORATION ON A PROPOSED  
LOAN BY THE BANK TO SOCIETE FINANCIERE SENEGALAISE POUR LE  
DEVELOPPEMENT DE L'INDUSTRIE ET DU TOURISME WITH THE GUARANTEE OF  
THE REPUBLIC OF SENEGAL, ON A PROPOSED DEVELOPMENT CREDIT BY  
THE ASSOCIATION TO THE REPUBLIC OF SENEGAL, AND ON AN INVESTMENT  
BY THE CORPORATION IN SOCIETE FINANCIERE SENEGALAISE POUR LE  
DEVELOPPEMENT DE L'INDUSTRIE ET DU TOURISME FOR AN INVESTMENT  
PROMOTION PROJECT

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1. I submit the following report and recommendation on a proposed Loan to Societe Financiere Senegalaise pour le Developpement de l'Industrie et du Tourisme (SOFISEDIT) with the guarantee of the Republic of Senegal for the equivalent of US\$6.5 million, a proposed Development Credit to the Republic of Senegal for the equivalent of SDR 2.1 million (US\$2.5 million) to help finance an Investment Promotion Project, and an IFC investment of CFAF 50 million (approximately US\$250,000 equivalent) in the share capital of SOFISEDIT. The Loan would have a term of 18 years including 3 years of grace, with interest at 9.6 percent per annum and the Development Credit would be on standard IDA terms (the blend of the Bank Loan and of the IDA Credit would have a grant element of 23.8 percent).

PART I - THE ECONOMY 1/

2. A report entitled "The Economic Trends and Prospects of Senegal" (1720a-SE) was distributed to the Executive Directors on March 10, 1980, followed by a President's Report for a structural adjustment loan/credit (P-2869a-SE) dated November 26, 1980, containing an expanded section on the economic situation. The following paragraphs reflect the conclusions of these reports. Country data appear in Annex I.

Economic Structure and Past Developments

3. Three-quarters of Senegal's territory lies in the Sahel zone, which suffers from low rainfall and periodic droughts. The mainstay of the traditional economy is millet cultivation and nomadic cattle-raising for domestic consumption, and groundnut cultivation for exports. Soils are generally poor, and periodically food shortages occur in the months between the sowing and harvesting of the next crop. The large river basins--some of them fed in the tropical rain zone--have so far been exploited only marginally.

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1/ The entire text of this section is substantially the same as that of the President's Report for the Forestry Project which was approved by the Executive Directors on February 10, 1981.

Land distribution is fairly even. In the western part of the country arable land is becoming scarce, but in the extreme southeast some good land is still available. The modern sector of the economy is concentrated in Dakar, the capital, a city of about one million inhabitants, the economic base of which consists of excellent port facilities, an important industrial sector, and a small but fast-growing tourism industry. With a population of 5.5 million, Senegal's per capita GNP for 1979 was estimated at US\$429.

4. During the 1960s, the Senegalese economy experienced virtual stagnation as real output increased at a rate estimated at 2.7 percent per annum, hardly more than the population. Two factors were responsible for this situation. Firstly, with independence, Senegal lost its privileged position as the center of French West Africa, and subsequently had to adapt to its reduced economic, administrative, and political position. Secondly, in the latter part of the decade, production of groundnuts (its principal export) fell, due to unfavorable weather and declining export prices.

5. In the 1970s, Senegal's narrow-based export sector was hit by sharp fluctuations in volumes and prices, and even with the achievement of higher rates of both private and public investment, average annual growth was not raised above the earlier 10 years' level. Output and incomes were depressed in 1972 and 1973 by the Sahel's most severe drought in over a century, which brought a decline in real national income. Thereafter, when weather conditions improved, the purchasing power of the rural population was substantially restored and both agricultural and industrial production increased markedly. However, the late 1970s saw another series of bad crops, which adversely affected the economy in 1978 and 1980 and will in 1981 also. The magnitude of these downswings is reflected in the variations in groundnut crops; from a historical record of 1.45 million tons in 1975/76, output fell to less than 0.6 million tons in 1977/78; it recovered to about 1.0 million tons in 1978/79, but fell again, to less than 0.8 million tons in 1979/80 and to a new low of about 0.5 million tons in 1980/81. Industrial output (excluding groundnut processing) did grow at a fairly even rate of about 5 percent a year. After recovery from the earlier droughts, real GDP increased at about 5 percent between 1973 and 1977, but in 1978 it is estimated to have declined by 9 percent reflecting the effect of the 1977/78 drought; similarly, due to the bad crops in 1979/80 GDP is expected to remain below its 1977 level in 1980.

6. The large fluctuations in physical production were aggravated by the price movements of Senegal's major export and import commodities. In 1974, the terms of trade improved by over 21 percent, because of exceptionally high prices for phosphate rock, Senegal's second export commodity, but in 1975 export prices for groundnuts declined sharply, followed in 1976 by a fall in the export prices for phosphate rock. The recent increase in oil prices brought a further deterioration in the terms of trade, causing a loss in income of roughly 5 percent of GDP. These swings in international prices, together with the fluctuations in output, had serious consequences for domestic prices, public finance and balance of payments.



## Public Finance

7. The Government has shown some flexibility in adapting its financial policies to changes in the economic environment. In 1974, the retail prices for rice, sugar and groundnut oil were raised by 40 to 90 percent in order to reduce consumer subsidies that had ballooned following the price hikes for these commodities on the world market. Government also aligned producer prices for groundnuts closer to world prices which were particularly high at that time. The loss of revenue to the Treasury because of this latter step was expected to be compensated by additional revenues from the phosphate mine, such as an 80 percent excess profits tax and dividends from increased ownership. In 1974, the phosphate price quadrupled, and in 1974 and 1975, Government did indeed receive high revenues from phosphates amounting to roughly US\$45 million a year, or 12 percent of tax receipts.

8. Public savings after debt service rose from a yearly average of US\$25 million during 1971-73, to US\$46 million during 1974-76. This higher level of public savings was doubtless an important factor in stimulating Government to increase public investment outlays from a yearly average of US\$24 million to US\$49 million during the same two periods. In addition, however, Government purchases of equity and lending to domestic enterprises increased sharply, mainly because of the increased participation in the phosphate mine and the acquisition of two foreign-owned public utility companies. The total capital outlays of the Government were thus substantially in excess of public savings, and were financed in large part through medium-term foreign bank loans. As a consequence, foreign debt service borne by the Government increased from US\$8 million in 1972/73 to US\$38 million in 1975/76, representing about 10 percent of its revenues.

9. A sudden fall in world phosphate prices in 1976 eliminated Government revenues from this source. In the following year, Government raised tax rates, limited recurrent expenditures, and undertook some new commercial borrowing for its investment program. When it became clear that the 1977/78 crop would fail, Government endeavored to avoid famine in the countryside and maintain rural incomes by importing more cereals and absolving farmers' debts; however, the added financial burden which these measures entailed was not accompanied by reductions in capital expenditures, which were financed through heavy commercial borrowing amounting to US\$122 million in 1977 and US\$200 million in 1978. As a consequence, in 1980/81, when grace periods are over, debt service obligations of the budget will reach about US\$145 million (or 19.5 percent of Government revenues).

10. In August 1978, the National Assembly was called from summer recess to approve a new fiscal package amounting to US\$20 million in additional revenues. The 1978/79 budget presented a tax reform aimed at removing tariff distortions and administrative deficiencies, which also increased Government receipts through reductions in exemptions. Further tax measures in 1980/81 will bring the ratio of Government receipts to GDP to 29 percent, as compared to 19 percent in 1970/71 and 23 percent in 1976/77.

### Balance of Payments

11. Since 1973 the balance of payments has been under heavy pressure, resulting in a very large negative balance in the net foreign assets by the end of 1980. Underlying the deterioration in the external accounts is the sluggish growth of exports combined with fast growing imports, leading to increasing current account deficits that could not be covered anymore by the normal flow of concessionary aid and an acceptable level of commercial borrowing. Between 1974 and 1976 exceptional high phosphate revenues slowed the deterioration in the current account, but Government's purchases of large participations in existing enterprises, created considerable outflows of private foreign capital, and foreign reserves were not replenished. The deterioration in the external accounts accelerated in 1978, fueled by losses in groundnut revenues, strong import demand and the oil price hike, and could not be arrested by EEC STABEX fund receipts, commercial borrowings, nor the use of monetary union facilities and higher net short-term commercial banks' liabilities. At the end of 1979, net foreign assets stood at minus US\$319 million, including drawings on the IMF of US\$61 million. The balance of payments picture in 1980 is characterized by a loss in groundnut revenues of almost US\$200 million, partly due to the small harvest and partly to exceptionally low world market prices. Moreover the net effect of the 1979 increase in petroleum prices was close to US\$90 million. The resulting deficit on the current account is expected to be absorbed by the first tranche of an exceptional international aid package amounting to almost US\$300 million, of which US\$101 million will be provided by the IMF in the form of drawings on the Compensatory and Extended Fund Facilities taking some pressure off the monetary union and the commercial banks. Net foreign assets are expected to remain in the order of minus US\$323 million.

12. Although exogenous factors such as droughts and variations in world market prices explain part of the fall in net foreign assets since 1973, it is also due to more perennial factors such as sluggish growth of export volumes, slow drawings on public aid commitments, increasing debt service related to heavy reliance on commercial funds, and excessively expansionary monetary policies. Senegal's basic problem has been the failure of production and exports to respond to higher investment levels and other expansionary policies.

### Government's Economic and Financial Rehabilitation Program

13. In December 1979, during his annual speech to the National Assembly, the Prime Minister explained the urgency of modifying prevailing tendencies in the economy, and outlined a medium-term stabilization and rehabilitation program. This program was informally but extensively discussed with the Bank and the Fund and provided the basis for an agreement with the IMF for the purchase of US\$243 million equivalent in currency under the Extended Fund Facility, an agreement which was approved by the IMF Board in August 1980, and a US\$60 million structural adjustment loan/credit approved by the Board on December 18, 1980. The letter of intent from the Government to the IMF and the statement of economic policy sent to the Bank emphasized various aspects of the Government's program.

14. The global objectives of the Government's program are to stabilize the economy during the first two of the five years and to achieve a modestly higher rate of economic growth of 4 percent a year in the following three years.

15. Under the program, public savings after debt service would increase from about 1 percent of GDP in 1978/79 to over 3 percent of GDP in 1985, mainly through a freeze of recurrent expenditures in real terms. This savings target would allow the Treasury to finance at least 15 percent of the public investment program in the near future, to be improved to 25 percent by 1985. The 15 percent minimum contribution serves as a planning basis and is likely to be exceeded in favorable years, but may fall short in years of bad crops. Consequently, financing of local costs by foreign donors for specific projects is likely to be essential.

16. Increased private savings will be encouraged by the 2.5 percentage points increase in interest rates on deposits and savings certificates (an increase that was introduced in May 1980 together with a similar increase in the rediscount rate of the Central Bank), and through the allocation of preferential housing loans to borrowers with good savings performance. In rural areas, the savings of farmers will be mobilized. However, the bulk of private savings will have to come from private enterprises. To achieve this goal, the Government has eased price policies and tightened credit policies, in particular for non-productive projects.

17. Recognizing that the recent bad crops and the ongoing savings drive will dampen domestic demand and that production costs in Senegal are high compared with foreign competition, the Government is taking steps to provide more protection to domestic producers by raising import duties while achieving greater uniformity in their application, and by subsidizing export industries with excess capacity. This policy allows for the fact that parity of the local currency is fixed in the framework of the monetary union to which Senegal belongs.

18. The level of investments is being reduced somewhat to facilitate economic stabilization but is planned to increase moderately over the five-year period of the Rehabilitation Plan. The emphasis of Government's program is on a shift of total investments toward more productive projects. A minimum rate of return requirement will weed out the less viable projects in the public sector, and an improvement in the incentives for private investors is expected to encourage private undertakings. The propensity to invest in Senegal is still low because of limited domestic markets and high production costs, and following the period of active state intervention, private entrepreneurs have tended to seek Government participation or loan guarantees for new ventures, to reduce their risks.

19. The parapublic sector (public enterprises and mixed companies) represents a serious drain on Government finances and will be placed on a sounder footing through the conclusion of medium-term program contracts ("contrats-plan") between the Government and individual parapublic enterprises, that aim at setting sector objectives and reducing present levels of

budgetary support. More scope will be given to these enterprises to adjust tariffs to more economic levels. Government's program imposes ceilings on commercial borrowing abroad and restricts its use to enterprises and projects that generate a sufficient cash flow to service such debt. It introduced a fee for Government guarantees on debts of mixed enterprises. Treasury advances and loans to mixed enterprises in financial difficulties have been drastically reduced and made conditional on the conclusion of a program contract.

20. In the agricultural sector, the liabilities resulting from the uncovered recurrent expenditures of parapublic enterprises had accumulated to the extent that the Treasury and, indirectly, the money and credit system were threatened. Moreover, because of weak management, some public institutions had become an obstacle to project implementation. In August 1980, Government dissolved the central cooperative organization (ONCAD) which controlled individual cooperatives, as well as the delivery of agricultural inputs, the extension of agricultural credits and the marketing of crops, restoring some of its functions to the private sector. The cooperatives will be reorganized to assume responsibilities for agricultural credit and seedstocks, and to allow greater farmer participation. Technical assistance to cooperatives would in future be provided by the regional rural development agencies that are in charge of extension services to the farmers. The remaining parapublic agencies in the agricultural sector will also be reorganized with a view to restore their financial soundness and increase their operational efficiency. Subsidies on agricultural inputs were removed with the exception of those for fertilizer for which studies are under way. The agricultural reform will lead to a substantial reduction in the number of staff, reduce the annual deficits that have been supported by the budget, and may eventually allow higher net revenues to farmers.

#### Prospects

21. The Government's long-range development strategy continues to be based on the promotion and diversification of agriculture and export-oriented activities. The agricultural program calls for the development of areas less afflicted by drought (Casamance and Eastern Senegal), where cash crops other than groundnuts can be grown. Irrigated cereal production is being developed in the arid northern part of the country along the Senegal River. This approach will make the country less dependent on the uncertainties of its climate and world market prices, and reduce the heavy burden of food imports. The overhaul of institutions in the groundnut sector is expected to restore production to previous levels and even to increase production by 1.8 percent a year if, in the medium term, the groundnut prices paid to the farmer can be raised as expected. Agriculture research will be oriented more to farm systems than to individual crops, with the objective of lowering the costs of the agricultural techniques propagated, and better adaptation to farmers' needs.

22. The Government also aims at a modest expansion of phosphate mining, and development of light export industries and tourism; moreover, contracts have been signed for construction of a ship-repair yard, and plans for a phosphoric acid plant are in an advanced stage. However, with limited prospects

for export growth in the groundnut sector, and because of the modest scale of the export subsidy scheme, no spectacular improvements in export performance can be expected. Government counts heavily on the implementation of a number of large investments in irrigation to diminish the heavy dependence on rice imports. However, since such investments have long gestation periods and are difficult to implement, a cautious view of the long-term outlook is warranted. Even if economic growth could be raised to a modest 4 percent a year between 1982 and 1985, the annual growth rate between 1977 and 1985, because of the decline in GDP in 1978 and 1980, would probably not exceed 2.4 percent a year, which is still below population growth.

23. The economic and financial rehabilitation plan, and the exceptional foreign aid based on it will help Senegal to overcome the effects of the recent bad crops, the higher oil prices, and the high debt service built up over the past five years. Strict implementation of this plan is therefore crucial for Senegal's prospects for economic growth and creditworthiness.

#### PART II - BANK GROUP OPERATIONS IN SENEGAL

24. The Bank Group has had 49 operations in Senegal to date. Total outstanding funds amount to US\$354.8 million, including 26 IDA credits, 14 Bank loans, four blends of Bank and IDA funds, four IFC operations, and one blend of Bank and IFC funds. Annex II contains a summary statement of Bank loans, IDA credits, and IFC investments as of January 31, 1981, and notes on the implementation of ongoing projects. Physical execution of these projects is progressing reasonably well, although some operations are affected by the shortage of counterpart funds due to the Government's continuing difficult public finance situation, as well as by lack of qualified local staff for key positions. But institutional bottlenecks in several sectors constitute the largest obstacle to efficient project implementation.

25. The Government is well aware of the need to increase absorptive capacity and particularly of the importance of assuring good management supervision of projects in all sectors. In this respect, the ongoing Para-public Sector Technical Assistance Project initiates and implements measures necessary to resolve on a sectorwide basis some of the issues regarding financial management and Government control of public enterprises and mixed companies, particularly those that are channels for Bank Group assistance. The project, now at its halfway stage, is progressing reasonably well despite a difficult start but it is still too early to assess its impact. The Government created in late 1978 an Inter-ministerial Committee (Comite de Relance des Investissements) which works closely with foreign aid donors, to expedite preparation of new investment projects, and to identify bottlenecks in project execution and take remedial action. The work of this committee has already begun to produce some positive results, and will be strengthened under the Technical Assistance Project for Economic and Financial Planning through reinforcement of its secretariat.

26. The Bank Group's share in total external aid disbursements to Senegal over 1979-85 will stay at around 12 percent, of which roughly 52 percent in IDA financing. The Bank Group's share in outstanding disbursed debt was 18 percent in 1979, and will remain at around that level until 1985. The Bank Group's share in public debt service is expected to increase from 3.8 percent in 1980 to about 7 percent in 1985, a rise which is mainly due to the increase in Bank loans from 32 percent of the Bank Group's total outstanding and disbursed funds to Senegal to about 41 percent by 1985.

27. The Bank Group's project financing and economic and sector work, which is designed to support the Government's development strategy, has six main objectives. First, priority continues to be given to rural development, including development of irrigation in the Senegal River Valley Region, rainfed agriculture in the well-watered southern regions of the country, and intensification of groundnut production and diversification into new crops and new regions. This effort of diversification has led the Bank Group to finance a Small Rural Operations Project in FY80, a reforestation project earlier this year and a project designed to improve agricultural research will be submitted to the Board in the near future. Agricultural lending over the next few years is expected to account for about 20 percent of the total. Second, the Bank Group has supported diversification of the economy by lending to the growing industrial sector through SOFISEDIT to which a third line of credit is proposed under this project. Diversification of the economy is also pursued through an ongoing project for the development of tourism infrastructure. Third, Bank Group projects have supported modernization and expansion (where economically desirable) of the country's infrastructure through lending to the four modes of transport. An engineering project approved in FY79 finances studies and technical assistance for water supply and sanitation development in eleven secondary centers and is paving the way for Bank Group involvement in that sector. Similarly a Power Engineering Project should identify possibilities for Bank financing in this sector. Fourth, assistance in the field of social services is being provided under the Third Education Project approved in FY79 to help the Government re-orient and expand the country's education system at all levels. Bank strategy in the education sector has focussed on meeting the need for trained high- and middle-level managers and technicians in the modern sector and in agriculture and improving access to primary education, particularly in rural areas. The Bank remains conscious of the need to support the social services (within the limits of the Government's ability to bear the recurrent costs involved) by preparing carefully identified projects; to that end, a Primary Health Care Project is under preparation. Fifth, the energy sector is being supported through the use of funds under the Project Preparation Facility for the preparation of an offshore oil exploration project. Finally, continuing assistance is being provided to help Government increase its absorptive capacity for planning, executing, and managing development projects through institutional support within individual Bank Group projects. Several Bank Group operations, notably in tourism, telecommunications, port infrastructure, loans to SOFISEDIT, and in airport development, have the additional merit of generating revenues for the Senegalese Treasury.

28. While project aid is vital, Senegal's long-observed economic stagnation and the deep-seated problems that have culminated in the present crisis call for additional, special remedies. One is economic advice. In 1979, for instance, the Bank helped Government devise a policy package aimed at improving the balance of payments while maintaining whatever growth momentum was left in the economy, through waste reductions, cutting consumer subsidies, and higher taxes on urban dwellers, rather than through cuts in groundnut producer prices or curtailing productive investments. Second, and far more importantly, Government's needs for financial and technical assistance during the period of structural adjustment have led the Bank/IDA to propose a Structural Adjustment Loan/Credit which was approved by the Board in December 1980.

### PART III - THE SECTOR

#### A. Sector Description

29. Introduction. With the secondary sector contributing about 24 percent of GDP in 1980, Senegal has a somewhat larger industrial base than many African countries. Average growth of the industrial sector since 1960 has however been modest. Industrial development has been based on the processing of primary products (phosphate, cement, groundnut oil), and the substitution of manufactured imports. Although the industrial sector suffers from Senegal's current economic difficulties, further growth in manufacturing is possible through rehabilitation and expansion of existing firms, new import substitution opportunities and some export oriented investments. Two other branches also hold good promise for productive investment: (i) fishing and fish processing industry; and (ii) tourism industry which now contributes about 25 percent of non-merchandise exports.

30. Manufacturing. Since independence in 1960, manufacturing has grown at an annual rate of 5.7 percent and its share of GDP from 19 percent to about 24 percent in 1980. Four main activities contribute the bulk of output: (i) food processing, including oil milling (37 percent of sales); (ii) chemicals including oil refining (18 percent); (iii) phosphate mining (15 percent); and (iv) textiles (10 percent). In terms of size distribution, the sector is broken down between a small number of large state and foreign-owned firms, a moderate number of medium size firms and a large number of small Senegalese-owned firms. The contribution of the manufacturing sector to economic development, in terms of value added, employment (30,000 permanent and 70,000 seasonal jobs), and decentralization, has been modest. Indeed, industrialization faces several constraints in Senegal: a low level of investment, unfavorable production costs, a limited market and an industrial policy pursuing several--and sometimes conflicting--objectives.

31. Senegal's philosophy of "guided liberalism" has resulted in extensive state intervention in the ownership, management and operations of large firms in key sectors. With regard to new investments, Government's attention has concentrated on large-scale, capital-intensive projects (Dakar-Marine,

Faleme Iron, and Textiles). The Tariff and Investment Codes have tended to favor import substitution and to discourage upstream linkages. Current economic difficulties have led the Government to reduce state intervention in industry and revive private sector investment. The 1979 economic rehabilitation program includes measures in favor of productive investments. In addition, the Investment Code is being revised to link benefits to local value added and an export incentive system is being introduced for textiles, shoes, processed fish, fertilizers and agricultural products (other than groundnuts) which represent one third of Senegal's traditional exports. The investment climate should benefit from this shift toward a private sector, export-oriented and better integrated industrial development, provided, however, that administrative controls affecting prices, market share and subsidies are alleviated.

32. Fishing. Since independence, fisheries have been the fastest growing sector in Senegal, accounting for about 5 percent of GDP and 11 percent of total export receipts. Artisanal fishing is important in terms of overall catch (some 70 percent of total), employment creation (50,000 jobs) and protein supply for the local population. The industrial fleet supplies an important fish processing industry which includes 28 firms (canned tuna, frozen fish, shrimps, fish meal, etc.). Despite this rapid growth, the sector experiences serious problems including overfishing of certain species, fleet obsolescence, inadequate port infrastructure, and fleet mismanagement resulting in reduced maintenance and therefore underutilization.

33. A vigorous effort is currently underway with the assistance of external agencies (IBRD, CCCE, and BADEA) to reorganize fishing sector administration and to improve both infrastructure and fleet management. In 1979, the Government created a Secretariat of State for Maritime Fishing to develop and implement a more coherent policy in the sector. Its immediate tasks are to disengage the Government from poorly run and unprofitable state enterprises, to negotiate fishing agreements with neighboring countries (Mauritania, The Gambia, Guinea-Bissau, etc.), and to enforce compliance by foreign fleets of the 200-mile limit. Simultaneously, an IBRD-financed fisheries plan of action is being finalized by consultants. It has revealed the need for extensive additional investments in the fleet (CFAF 21 to 29 billion over the next ten years). As the recently designated banking partner for the sector, SOFISEDIT would be in a position to support Government policies by developing a sizeable portfolio in the fishing and fish processing industries. The proposed project would assist SOFISEDIT in this important new task.

34. Tourism. Senegal has significant tourism potential around and south of Dakar, the capital city, as well as in Casamance, in the southern part of the country. Owing to rapid development of hotel capacity (presently, 6,000 beds), more than 200,000 arrivals are recorded annually in Senegal, bringing gross earnings of about CFAF 13 billion. Tourism is already Senegal's third largest foreign exchange earner after groundnuts and phosphate; it also makes an important employment contribution since two indirect jobs are created for every hotel job.



35. Tourism development received priority in Government's development plans during the 1970s. Government's commitment was demonstrated by the creation of a Secretariat of State for Tourism, responsible for promotion and coordination of tourism investments, by special tax provisions for hotel investments, and by heavy Government investment in hotel construction through equity participation in mixed enterprises. Now that tourism has passed its infant stage, Government has decided to limit its intervention to the provision of infrastructure and to leave hotel construction and management in private hands. Thus, in the Petite Cote Tourism development scheme, Government has financed, with the assistance of the Bank, basic infrastructure and common services and left hotel development to the private sector, while equity and long-term loans were made available to developers through Societe d'Amenagement de la Petite Cote (SAPCO) and SOFISEDIT respectively. The private sector is showing increasing interest in hotel construction. To encourage and develop this trend, suitable long-term financing should be made available to private entrepreneurs. The proposed project would reinforce SOFISEDIT's crucial role in providing term resources for further hotel development.

#### B. Investment Promotion

36. A number of Government ministries and agencies share the responsibility for investment promotion in Senegal: Overall, the Ministry of Plan and Cooperation establishes and monitors Senegal's national development plans. It also administers Investment Code benefits. The Ministry of Finance and Economic Affairs is responsible for fiscal, tariff and price policies. Ministries in charge of sector development include the State Secretariat for Fisheries, the State Secretariat for Tourism which already receive Bank Group technical assistance, and the Ministry of Industrial Development and Artisans (MIDA) which is described below. Specialized agencies include Societe Senegalaise pour la Promotion de l'Artisanat (SOSEPPA), the Dakar Free Trade Zone, Centre Senegalais du Commerce Exterieur (CSCE), and of greater importance in the context of the proposed project, Societe Nationale d'Etudes et de Promotion Industrielle (SONEPI), which is also described below.

37. The Ministry of Industrial Development (MIDA) is responsible for designing and carrying out Government policies in the industrial and artisanal sectors. It also monitors Government investments in these sectors and appraises projects eligible for Investment Code benefits. At appraisal, it became apparent that the Directorate of Industry had some difficulties: (i) in developing a coherent industrial strategy as it involves several Government ministries and agencies; and (ii) in processing industrial investment dossiers for Government approval. Accordingly, the proposed project would finance training for MIDA staff and consultants' services to undertake studies of the investment process so as to improve the coherence between industrial development objectives and policies currently affecting investment decisions (see para. 54).

38. SONEPI was established in 1972 as a mixed enterprise with UNIDO assistance to help local businessmen establish and expand their own enterprises. SONEPI's assistance takes the form of feasibility and marketing studies, equity participation and loan guarantees, training and extension work, and management of industrial estates. It is organized into four operational sections (studies, training, industrial information and artisanal affairs) and its professional staff is mostly Senegalese. Although the quality of its staff is satisfactory, SONEPI suffers from a bureaucratic bias which adversely affects initiative and responsiveness in its operations. Its limited investment budget results in poor building maintenance, inadequate furnishing and transport problem. In addition, lack of specialized technical expertise hinders project identification and client assistance activities. Nevertheless, SONEPI has the potential and willingness to improve its effectiveness. For that purpose, it needs to: (a) focus on its core function of project identification and assistance, and (b) abandon some of the additional tasks imposed on it by the Government and other agencies. Accordingly, a specific component has been included in the proposed project to help SONEPI upgrade the quality of its key services (see para. 53).

C. Investment Financing

39. The Financial Sector. A member of Union Monetaire Ouest Africaine, Senegal shares with Benin, Ivory Coast, Togo, Niger and Upper Volta, a common currency (CFA franc), a regional Central Bank (BCEAO) and joint credit and monetary policies. Its banking system includes six commercial banks, two development banks (one of which being SOFISEDIT), one housing bank, and a few leasing and consumer finance companies. The major features of BCEAO's credit policy are outlined below:

- (a) Rediscount: Within overall credit and Central Bank refinancing ceilings, local banks can refinance up to 35 percent of their loan portfolio (exclusive of agricultural seasonal credit and Government guaranteed loans). Rediscount accommodations are decided on a case-by-case basis, depending on the applicant bank's liquidity position. Furthermore, any loan above CFAF 70 million (whether discounted or not) is subject to the Central Bank's prior approval. Rediscount is available to all banks for loans of up to ten years. Commercial and development banks are treated equally.
- (b) Sectoral policy: The banks are obliged to direct two thirds of their lending towards priority sectors (agriculture, fisheries, industry, tourism, transport and housing).
- (c) Interest rates: Preferential interest rates for priority sectors have been a feature of the Government's policy for some time. Since April 1980, a preferential interest rate (9 to 11 percent) is applied on loans to Government, small-scale enterprises, <sup>1/</sup> short-term crop financing, and private housing. These loans can be

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<sup>1/</sup> Local enterprises with outstanding credit below CFAF 30 million.

discounted at 8 percent. Credits in other areas bear normal rates (10.5 to 15.5 percent) and can be discounted at 10.5 percent with the Central Bank. <sup>1/</sup> According to the latest data, consumer prices rose by about 13 percent in the year through April, 1980. The rate of inflation may well reach 14 to 15 percent in Calendar 1980, but is expected to decline back to 10 percent over the next three years. Except for preferential rates, the BCEAO interest rate structure-- which applies to all loans whether discounted or financed from other sources--is therefore adequate to cope with inflation.

From 1976 to 1979, total credit outstanding in Senegal increased by 77 percent. During this period, non productive loans (trade and individuals) have increased much faster than credit to productive sectors and the share of industry has shown a marked decline. Moreover, the economic situation in Senegal deters both private entrepreneurs, who are now more inclined to disinvest, and the Government, which cannot meet its recurrent obligations, from investing in the equity of Senegalese enterprises. Initial returns to equity are often negative in Senegal and payment of dividends subordinated to debt service. Furthermore, capital gains are difficult to realize because the Senegalese capital market is extremely narrow. The Central Bank has recently imposed stringent quantitative ceilings on bank portfolios. This restrictive policy should have no adverse effect on SOFISEDIT, the major beneficiary of the proposed project, as it lends only for productive purposes and draws most of its resources from external lines of credit. In addition, the recent interest rate increase will make SOFISEDIT more competitive vis-a-vis the commercial banks while allowing a large spread on present and future borrowings.

#### SOFISEDIT

40. The institution. Created in 1974 with Bank Group assistance, SOFISEDIT is an independent institution specialized in long-term financing of industrial and tourism projects. It was recently designated by the Government to be the lead bank for fisheries and fish processing industries. Its capital, initially set at CFAF 650 million, is held by the Government, BCEAO, and institutions such as IFC, Caisse Centrale de Cooperation Economique (CCCE) of France, Deutsche Entwicklungs-Gesellschaft (DEG) of the Federal Republic of Germany, and local Senegalese banks. SOFISEDIT shareholders approved in February 1981 a capital increase of CFAF 750 million, which will bring the capital up to CFAF 1.4 billion. SOFISEDIT's Board takes an active role in overseeing the company and approves all loans and investments. Management is entrusted to a President General Manager assisted by eight qualified professionals working under the supervision of an operations manager. Subproject appraisals are satisfactory but investment supervision is still weak. To

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<sup>1/</sup> Prior to April the following interest rate structure was in effect:

	<u>Discount Rate</u>	<u>Final Rate</u>
Preferential	5.5%	6.5% to 8.5%
Normal	8%	8% to 13%

strengthen supervision, SOFISEDIT has recruited additional staff and a training program would be carried out under the proposed project (see para.52). The key features of SOFISEDIT's lending policy, as described in the by-laws and policy statement are as follows:

- it cannot commit more than 20 percent of its unimpaired capital to any one client or finance more than 50 percent of the cost of any subproject; 1/
- equity holdings cannot exceed 75 percent of SOFISEDIT's capital and each equity participation is limited to 15 percent of SOFISEDIT's own equity or 25 percent of the client's capital;
- it cannot assume the foreign exchange risk on external borrowings;
- interest rates are within the range authorized by BCEAO: 9 to 11 percent for SSE and 10.5 to 15.5 percent per annum for regular clients.

SOFISEDIT's lending policies and procedures are adequate; its entry in fisheries credit should, however, be prudent. SOFISEDIT provided assurances at negotiations that it would limit fisheries loans to 35 percent of its portfolio outstanding (Section 2.10 of the draft Joint Project Agreement).

41. Operations and Finance. As of September 1979, SOFISEDIT had approved 71 projects for a total of CFAF 4.7 billion and its portfolio outstanding stood at CFAF 1.9 billion. Although operations have not grown as rapidly as expected at the time of inception, SOFISEDIT has nevertheless played a key role in supporting investments and participated in roughly one fourth of all industrial and tourism investments undertaken in Senegal over the first five years of its existence. Out of 71 approvals, 35 were for medium-scale industrial projects, 22 for SSE (fixed assets below CFAF 50 million) and 14 for tourism. These projects have generated or maintained five thousand jobs. At the end of FY79, SOFISEDIT reported arrears of CFAF 295 million of which CFAF 104 million in principal (5.7 percent of total outstanding). Investments affected by these arrears amounted to CFAF 413 million or 23 percent of the portfolio. Government has recently honored its guarantee on SOFISEDIT's loans to Societe Nationale pour la Promotion du Tourisme (26 percent of total arrears).

42. SOFISEDIT had total assets of CFAF 2.1 billion as of September 1979. Its debt equity ratio was then 3:1. Since 1978, SOFISEDIT has been able to generate an operating surplus, which has, however, been more than offset by prudent provisions for bad and doubtful loans and investments (CFAF 211 million), resulting in cumulative losses of CFAF 145 million as of September 1979. The

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1/ SOFISEDIT's management indicated at negotiations that it would seek from its Board an increase in the exposure limit from 20 percent to 25 percent of its unimpaired capital and from 50 percent to 70 percent of subproject costs; the latter would only apply for projects with assets below CFAF 100 million.

steady deterioration in SOFISEDIT's financial position may be ascribed to a level of operations lower than expected and uncompensated for by a sufficient spread. There are three main reasons for SOFISEDIT's difficult take-off:

- (a) Industrial investments have been much lower than expected and, between 1975 and 1979, the share of industry and tourism dropped from 47 percent to 18 percent of total term credit outstanding in Senegal.
- (b) A change in banking regulations (1975) put SOFISEDIT in direct competition with well-established commercial banks which were required to increase their medium-term lending to productive sectors.
- (c) The effects of this unexpected competition were compounded by SOFISEDIT's own weaknesses: an insufficient equity base, a restrictive exposure limit and a lack of management aggressiveness.

43. Prospects for SOFISEDIT have changed significantly over the last year and its future appears brighter:

- (a) Recent credit and rediscount restrictions imposed by the Central Bank (para. 39) have made SOFISEDIT the only institution with access to significant external resources for industrial investment and the upward revision of the interest rate structure (April 1980) substantially increases SOFISEDIT's spread.
- (b) A new Managing Director (a previous Manager of Operations and advisor to the President of West Africa Development Bank) has been appointed and a new orientation has been developed for SOFISEDIT. This strategy includes a more active approach to project promotion through equity participation, increased lending for tourism and development of fisheries credit. It was presented in a strategy paper and discussed at negotiations. To help implement this strategy, SOFISEDIT has requested the services of a senior financial advisor, an industrial engineer and a fisheries credit expert (para. 52).
- (c) Government's determination to give SOFISEDIT a more prominent role in assisting productive investments is supported by SOFISEDIT's shareholders and external lenders who have agreed to increase SOFISEDIT's capital and extend new lines of credit.

44. Based on an existing pipeline of roughly CFAF 2.5 billion and conservative growth estimates, SOFISEDIT would be expected to generate a profit after provisions beginning in 1983. The proposed Bank loan, subordinated debenture and IFC investment would meet a third of SOFISEDIT's resource needs. Additional resources would come from the other shareholders, central bank rediscounts, KfW, BOAD and CCCE. Based on these assumptions, SOFISEDIT's operational and financial prospects are satisfactory.

D. Bank Group Role in the Beneficiary Sectors

45. The Bank and IFC helped create SOFISEDIT by a first line of credit of US\$3.0 million (Loan 987-SE, FY1974) and an equity investment of US\$240,000, respectively. A Project Completion Report (the conclusions of which are recapitulated in para. 42) is being finalized. It covers the first five years of SOFISEDIT's operations and reviews the reasons for its mixed performance. A second line of credit of US\$4.2 million (Loan 1332-SE, FY1977) is fully committed and will be fully disbursed shortly. In the tourism sector, two loans, totalling US\$13.6 million (Loan 1412-T-SE and Loan 1413-SE, FY1977) finance infrastructure and hotel development on the Petite Cote resort area, south of Dakar. Infrastructure works are virtually completed, one hotel has recently opened, and an active promotion campaign is underway to attract other hotel developers. IFC recently made a loan of US\$3.0 million to Societe Hoteliere du Barachois (Novotel group) for an hotel in Dakar. In the fisheries sector, the Bank has co-financed the Dakar Fishing Port Project (Loan 1405-T-SE, FY1977 - US\$6.0 million) including construction of a new fishing mole and design of a Master Plan for fisheries development. This document, to be completed shortly, will include recommendations for rational sector development.

PART IV - THE PROJECT

Background

46. The proposed Investment Promotion project was identified in December 1979, appraised in May 1980 and negotiated in March 1981 with a delegation headed by His Excellency, Louis Alexandrenne, Minister of Planning and Cooperation. The Staff Appraisal Report No. 3179a-SE, dated March 26, 1981 is being circulated separately to the Executive Directors. Annex III indicates the timetable of key events in project preparation and processing.

47. The project would support Government policy of renewed emphasis on productive investments. It is an attempt to broaden the impact of Bank lending for industry through SOFISEDIT, by strengthening SONEPI, and by assisting the Government in several aspects of industrial policy.

Project Description

48. The project would include:

- (a) an IFC investment of about US\$250,000 in SOFISEDIT's equity, the increase of which has been allowed from CFAF 650 million to CFAF 1,400 million (see para. 61);
- (b) an IBRD line of credit to SOFISEDIT for financing investments in industry, tourism and fisheries (IBRD - US\$6.5 million);

- (c) a subordinated Government loan to SOFISEDIT for the exclusive purpose of financing equity investments in Senegalese firms (IDA - US\$1 million);
- (d) a two-year technical assistance and training program to strengthen SOFISEDIT (IDA - US\$700,000);
- (e) a performance audit of SONEPI; technical assistance to its staff, and provision of goods and services to improve its operations (IDA - US\$500,000); and
- (f) policy-oriented studies to identify appropriate changes in Government policies and procedures to enhance productive investments and training for the Ministry of Industrial Development (IDA - US\$200,000).

In addition, an amount of US\$100,000 has been left unallocated to cover contingencies related to the implementation of the technical assistance component.

49. Line of Credit to SOFISEDIT. It would be a standard Bank loan of US\$6.5 million guaranteed by the Republic of Senegal. Subloans would be made to economically and financially viable subprojects in sectors open to SOFISEDIT's intervention, including hotels, agro-processing enterprises, chemicals, textiles, fisheries, etc. All subprojects appraisals would include, in addition to the financial rate of return, investment cost per job, local value added and estimates of foreign exchange earned or saved (Section 2.03(a) of the draft Loan Agreement). All subprojects would be submitted to the Bank for review. Prior Bank approval would be necessary for each subloan above the free limit (US\$250,000). The aggregate free limit would be US\$2.5 million (Section 2.02(c) of the draft Loan Agreement). For all subprojects above the free limit, as well as for projects below the free limit for which prices on internationally traded goods are available, SOFISEDIT would calculate the economic rate of return which would normally be above 10 percent. The Bank would refinance 100 percent of SOFISEDIT's subloans.

50. The proposed Bank loan to SOFISEDIT would be for 18 years including 3 years of grace. It would be repaid according to a flexible amortization schedule based on aggregate subloan repayments. The terms of SOFISEDIT's subloans would range from 4 to 15 years (including grace periods of up to 3 years), averaging 8 years for industrial projects, 10 years for fisheries projects and 12 years for tourism projects. Within BCEAO's interest rates structure, SOFISEDIT would charge market rates or a minimum spread of 3 percent above the cost of borrowed funds, whichever is higher (Section 2.08(b) of the draft Loan Agreement). SOFISEDIT would pass on the Bank's standard commitment fee of 0.75 percent per annum (Section 3.02(a) of the draft Loan Agreement) to sub-borrowers. The Government would bear the foreign exchange risk on the Bank loan for a 0.5 percent fee passed on by SOFISEDIT to sub-borrowers (Section 2.08 (b) of the draft Loan Agreement).

51. Equity Contribution to SOFISEDIT. Funds equivalent to US\$1 million of the proposed IDA credit would be onlent by the Government to SOFISEDIT for the exclusive purpose of financing equity investments in Senegalese firms in the industrial, fishing and tourism sectors. These resources would be passed on to SOFISEDIT as a subordinated debenture. Interest paid by SOFISEDIT to the Government would be tied to the dividends earned annually on the equity investments and principal repayments to the proceeds of their sale to the original promoter or other investors. A portion of the dividends and sale proceeds would be used to cover SOFISEDIT's administrative costs. This special feature of the project has been developed to: (i) overcome the difficulty of Senegalese-owned firms to find adequate equity; (ii) improve the financing plan of SOFISEDIT-financed subprojects; and (iii) stimulate equity investment by SOFISEDIT which, at this stage, cannot afford to commit borrowed resources in equity investments which normally do not yield income for several years. SOFISEDIT's exposure limit for equity investments (15 percent of its equity and 25 percent of the client's capital) would apply to this component. SOFISEDIT would be expected to purchase equity in 10 to 15 small- and medium-size enterprises either starting or expanding their operations. All equity investments financed under this component would be submitted to the Association for approval. (Section 2.02 (a) of the draft Joint Project Agreement and para. 4(c) of Schedule 1 to the draft Development Credit Agreement).

52. Technical Assistance to SOFISEDIT. The project would finance:

- (i) two man-years of a senior advisor to assist the President General Manager in organization, financial management and corporate strategy;
- (ii) two man-years of an industrial engineer to strengthen project supervision, monitor equity investments and develop cooperation with SONEPI; and
- (iii) two man-years of a fisheries credit specialist to review the demand for fisheries credit, set up a new fisheries credit department, and train its staff.

The qualifications, experience and terms and conditions of employment of these experts would be satisfactory to the Association (Section 2.04 of the draft Joint Project Agreement). Finally, SOFISEDIT would adopt a staff training program, which would be submitted before December 31, 1981, for review and comment by the Association (Section 2.09 of the draft Joint Project Agreement).

53. Operating Support to SONEPI. To relieve some of the constraints to investment promotion and assistance (para 38), the project would finance:

- (i) a performance audit of SONEPI's operations and organization, carried out by consultants, to review past performance, identify bottlenecks, and prepare a three-year work program; approval by the Association of the results of the performance audit would be a condition of disbursement for expenditures under (ii) and (iii) below (para. 4(e) of Schedule 1 to the draft Development Credit Agreement);



- (ii) the provision of goods and services (such as equipment, furnishings, supplies, transportation, etc.) needed to improve SONEPI's operational efficiency, upon approval of the audit by the Association (Section 3.03 of the draft Joint Project Agreement and Schedule 1, para. 4, of the draft Development Credit Agreement); and
- (iii) consultant services to assist SONEPI's own staff with specialized aspects of project identification and/or assistance to enterprises.

54. Technical Assistance to MIDA. In support of Government's policy of stimulating productive investments, the project would finance consultant services to assist MIDA's staff in carrying out: (i) a critical path analysis of the approval process for industrial investments in Senegal with a view to identify and remove bottlenecks; and (ii) a review of the coherence between industrial development objectives and various policy instruments affecting these objectives. The conclusions and recommendations of the two industrial policy studies would be discussed with IDA, and agreed recommendations would be implemented by the Government in consultation with IDA (Section 3.04 of the draft Development Credit Agreement). In addition, the project would finance training for MIDA staff.

#### Project Costs and Financing

55. Total project costs are estimated at US\$17.9 million equivalent including taxes of US\$2.2 million (12.3 percent). Foreign exchange costs would be US\$11.3 million (63 percent of total project costs). Estimates for consulting services and technical assistance are based on recent contracts offered in Senegal and other Western African countries. Man-month costs for six man-years of advisors and 36 man-months of short-term consultants average US\$10,700 (plus US\$3,000 for reimbursable expenses in the case of short-term consultants).

56. The proposed Bank Loan of US\$6.5 million and IDA Credit of SDR 2.1 million (US\$2.5 million equivalent) would cover about 80 percent of the foreign exchange costs of the project. The remaining foreign exchange costs which are related to subprojects would be covered by commercial bank loans and suppliers' credits. Most taxes would be paid by entrepreneurs receiving loans and equity investments and the balance (US\$0.1 million) by SOFISEDIT and SONEPI for technical assistance. The proposed Bank Loan to SOFISEDIT would be for 18 years including 3 years of grace. Part of the IDA Credit would finance the technical assistance to MIDA and a further portion would be onlent by Government to SOFISEDIT to acquire equity participations under a Financing Agreement acceptable to the Association (para. 51). The balance of the Credit would be: (i) partly passed on to SOFISEDIT as a grant to finance the technical assistance program under the same Financing Agreement; and (ii) partly passed on to SONEPI as a grant under a separate Financing Agreement acceptable to the Association (Section 3.01 (b) and (c) of the draft Development Credit Agreement). Both Financing Agreements would be executed before disbursement of the affected components (para. 4 of Schedule 1 to the draft Development Credit Agreement).

### Retroactive Financing

57. Retroactive financing of about US\$780,000 equivalent would be permitted to cover the following expenditures:

- (i) the partial cost of subprojects appraised by SOFISEDIT and found acceptable by the Bank which cannot be financed presently as the Bank's second line of credit to SOFISEDIT is fully committed (US\$600,000 for expenditures incurred after December 31, 1980);
- (ii) the cost of recruitment, settlement and two months salary for the senior advisor and the fisheries expert for SOFISEDIT, whose services have started or are about to start (US\$130,000 for expenditures incurred after August 31, 1980); and
- (iii) the fees of the consultant responsible for carrying out SONEPI's performance audit, which should be completed rapidly, so that SONEPI's work program can be initiated as early as possible (US\$50,000 for expenditures incurred after February 28, 1981).

### Project Implementation

58. The project would be carried out by the Government, SOFISEDIT and SONEPI with the assistance of experts and consultants under terms of reference and contracts acceptable to IDA. In addition to its audited statements, SOFISEDIT would submit progress reports to the Bank and the Association including information on the financial and economic merits of approved sub-projects and on the implementation of the technical assistance program (Section 3.03 (a) of the draft Loan Agreement and Section 2.06 of the draft Joint Project Agreement). SONEPI would have its accounts audited annually by auditors acceptable to IDA (Section 5.02 of the Joint Project Agreement) and submit progress reports (Section 3.06 of the draft Joint Project Agreement). Concerning implementation of the equity investment scheme, the subordinated loan to SOFISEDIT would be committed gradually as SOFISEDIT's own equity investments are made over time.

### Procurement and Disbursements

59. SOFISEDIT is expected to follow its usual procurement procedures which have proven adequate to ensure that goods and services are suitable and reasonably priced. Goods to be purchased for the operational support of SONEPI would be procured according to local procurement procedures (Schedule to the Joint Project Agreement). These procedures are acceptable to the Association. Loan and Credit proceeds would be disbursed as follows:

- (i) 100 percent of foreign exchange expenditures and 85 percent of local expenditures up to the amount of SOFISEDIT's subloan or equity investment as authorized by the Bank;
- (ii) 100 percent of the foreign exchange cost for the experts and the training program in SOFISEDIT;
- (iii) 100 percent of the total cost (net of taxes) for short-term consulting services to SONEPI and MIDA; and

- (iv) 100 percent of the total cost (net of taxes) for equipment and goods to be purchased by SONEPI.

#### Benefits and Risks

60. Under the line of credit and equity component, SOFISEDIT is expected to finance about 35 financially and economically viable subprojects in the manufacturing, fisheries and tourism sectors. These subprojects would represent an investment of US\$16 million. Although the creation of new jobs is likely to be limited (700 new jobs at a cost of US\$23,500 per job), the project would make an important contribution towards the preservation of current employment in industry by strengthening existing firms through modernization and expansion. SOFISEDIT's overall efficiency and the quality of its investments should improve and, as a result of this project, the capital increase and renewed donors' support, it is expected to play a leading role in the promotion of productive investments. Similarly, the SONEPI and MIDA components would foster greater responsiveness to entrepreneurs' needs on the part of SONEPI and help remove administrative bottlenecks in the investment process. The project's potential benefits must be balanced against its risks. The small size of the domestic market, extensive government red tape, and current economic uncertainties in Senegal are constraints facing domestic and foreign investors alike. To offset the small size of the domestic market, the project has sought to focus in part on two promising export sectors, fishing and tourism. A beginning in reducing bureaucratic delays is expected to result from the studies carried out under the project by MIDA. Finally, SOFISEDIT's capacity in a time of financial constraint to furnish long-term finance and equity for domestic and foreign investors, as well as SONEPI's enhanced efficiency in appraising local enterprises investment proposals is expected to ensure that perceived uncertainties are minimized.

#### PART V - THE IFC INVESTMENT

61. It is proposed that IFC exercise its rights to 500 shares of SOFISEDIT at a par value of CFAF 100,000 each which would be issued under the capital increase approved on February 27, 1981. The total investment would amount to CFAF 50 million or about US\$250,000. Although the past operating results of SOFISEDIT did not reach the levels originally expected, with the proposed strengthening of the management of SOFISEDIT and the improved margins on lending, SOFISEDIT would be able to become profitable and play an important role in the development of Senegal. IFC's exercise of its rights at this time is important for SOFISEDIT as the lenders and other shareholders consider the continued support of IFC vital for SOFISEDIT. The other shareholders have given firm commitment to also exercise their rights. IFC will continue to have a representative on SOFISEDIT's Board to help assure that SOFISEDIT pursues sound investment policies and provide SOFISEDIT with the benefit of the experience and assistance of a close relationship with IFC. SOFISEDIT's overall portfolio and reserve for losses are now considered adequate by the auditors. Current circumstances and the new management now in place permit a positive view of SOFISEDIT's future profitability. Although no dividends can be expected in the near future, the proposed capital increase and additional earnings can permit SOFISEDIT to make up past losses by 1986. Earnings would then reach a level providing a return of some 15 percent per year and SOFISEDIT would enter into a period in which dividend payments could commence.

PART VI - LEGAL INSTRUMENTS AND AUTHORITY

62. The draft Loan Agreement between the Bank and Societe Financiere Senegalaise pour le Developpement de l'Industrie et du Tourisme, the draft Guarantee Agreement between the Republic of Senegal and the Bank, the Report of the Committee provided in Article III, Section 4 (iii) of the Articles of Agreement of the Bank, the draft Development Credit Agreement between the Republic of Senegal and the Association, the draft Joint Project Agreement between the Association and SOFISEDIT and SONEPI, and the Recommendation of the Committee provided for in Article V, Section 1 (d) of the Articles of Agreement of the Association, are being distributed to the Executive Directors separately.

63. Features of the draft Loan Agreement, of the draft Development Credit Agreement, and of the draft Joint Project Agreement that are of special interest are referred to in Section III of Annex III to this report. Special conditions of disbursement of portions of the proposed Development Credit are: (a) with respect to allocations for SOFISEDIT, the signing of the SOFISEDIT Financing Agreement; (b) with respect to all allocations for SONEPI, the signing of the SONEPI Financing Agreement; and (c) with respect to allocations for SONEPI other than for the performance audit, the approval by the Association of the results of the audit. The satisfactory completion of the performance audit for the remaining proceeds of the Credit allocated to SONEPI.

64. In compliance with Section 3(ii) of Article III of the Articles of Agreement of the Corporation, the Government of Senegal has been notified of the proposed investment.

65. Senegal has signed and ratified the ICSID Convention. However, there are no contractual arrangements between Senegal and a national of another Contracting State which, in the context of this investment, might give rise to an investment dispute.

66. I am satisfied that the proposed Loan and Development Credit would comply with the Articles of Agreement of the Bank and of the Association, and that the proposed Investment would comply with the Articles of Agreement of the Corporation.

PART VII - RECOMMENDATION

67. I recommend that:

- (a) The Executive Directors of the Bank approve the proposed loan;
- (b) the Executive Directors of the Association approve the proposed Development Credit;
- (c) the Board of Directors of the Corporation approve the proposed investment on substantially the terms outlined above; and
- (d) the Board of Directors of the Corporation adopt the resolution in the form attached to the package of Bank and Association draft legal documents distributed separately.

Robert S. McNamara  
President

by  
Ernest Stern

Washington, D.C.  
March 30, 1981

TABLE 3A  
SENEGAL - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	SENEGAL			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) <sup>1/a</sup>	
	MOST RECENT			LOW INCOME	MIDDLE INCOME
	1960 <sup>1/b</sup>	1970 <sup>1/b</sup>	ESTIMATE <sup>1/b</sup>	AFRICA SOUTH OF SAHARA	AFRICA SOUTH OF SAHARA
TOTAL	196.2				
AGRICULTURAL	81.0				
<b>GNP PER CAPITA (US\$)</b>	180.0	240.0	430.0	260.0	868.0
<b>ENERGY CONSUMPTION PER CAPITA</b> (KILOGRAMS OF COAL EQUIVALENT)	121.0	139.0	181.0	80.0	699.4
<b>POPULATION AND VITAL STATISTICS</b>					
POPULATION, MID-YEAR (MILLIONS)	3.4	4.4	5.4	.	.
URBAN POPULATION (PERCENT OF TOTAL)	22.6	23.7	24.9	17.3	28.9
<b>POPULATION PROJECTIONS</b>					
POPULATION IN YEAR 2000 (MILLIONS)			9.0	.	.
STATIONARY POPULATION (MILLIONS)			24.0	.	.
YEAR STATIONARY POPULATION IS REACHED			2150	.	.
<b>POPULATION DENSITY</b>					
PER SQ. KM.	17.0	22.0	28.0	27.4	61.7
PER SQ. KM. AGRICULTURAL LAND	43.0	55.0	67.0	82.6	126.0
<b>POPULATION AGE STRUCTURE (PERCENT)</b>					
0-14 YRS.	44.0	42.9	44.3	44.9	45.5
15-64 YRS.	54.0	54.2	52.8	52.2	51.6
65 YRS. AND ABOVE	2.0	2.9	2.9	2.8	2.8
<b>POPULATION GROWTH RATE (PERCENT)</b>					
TOTAL	2.2	2.4	2.6	2.7	2.7
URBAN	3.5	2.9	3.2	6.8	4.9
<b>CRUDE BIRTH RATE (PER THOUSAND)</b>					
CRUDE BIRTH RATE (PER THOUSAND)	48.0	47.0	49.0	47.4	46.8
CRUDE DEATH RATE (PER THOUSAND)	27.0	23.0	22.0	19.6	16.4
GROSS REPRODUCTION RATE	..	3.0	3.2	3.2	3.2
<b>FAMILY PLANNING</b>					
ACCEPTORS, ANNUAL (THOUSANDS)	..	..	..	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	..	..	..	..
<b>FOOD AND NUTRITION</b>					
<b>INDEX OF FOOD PRODUCTION</b>					
PER CAPITA (1969-71=100)	125.0	83.0	104.0	91.8	94.0
<b>PER CAPITA SUPPLY OF</b>					
<b>CALORIES (PERCENT OF REQUIREMENTS)</b>					
REQUIREMENTS)	92.0	95.0	95.0	90.2	92.7
<b>PROTEINS (GRAMS PER DAY)</b>					
OF WHICH ANIMAL AND PULSE	62.0	64.0	64.0	53.0	53.0
	19.0	20.0	19.0	18.4	15.6
CHILD (AGES 1-4) MORTALITY RATE	41.0	35.0	32.0	27.7	21.3
<b>HEALTH</b>					
LIFE EXPECTANCY AT BIRTH (YEARS)	37.0	40.0	42.0	45.3	50.1
INFANT MORTALITY RATE (PER THOUSAND)	93.0	..	..	..	..
<b>ACCESS TO SAFE WATER (PERCENT OF POPULATION)</b>					
TOTAL	..	..	37.0	23.2	31.0
URBAN	..	..	68.0	58.0	66.8
RURAL	..	..	23.0	16.8	..
<b>ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)</b>					
TOTAL	..	..	..	28.9	..
URBAN	..	..	..	67.0	..
RURAL	..	..	..	..	..
POPULATION PER PHYSICIAN	22376.0	16673.0	15704.0	30910.4	14508.2
POPULATION PER NURSING PERSON	4110.0 <sup>1/c</sup>	2684.0	1608.0	5793.2	3279.5
<b>POPULATION PER HOSPITAL BED</b>					
TOTAL	840.0	810.0	900.0	1198.9	1141.5
URBAN	281.0	356.0	..	..	..
RURAL	2001.0	1171.0	..	..	..
ADMISSIONS PER HOSPITAL BED	..	22.2	26.7	..	..
<b>HOUSING</b>					
<b>AVERAGE SIZE OF HOUSEHOLD</b>					
TOTAL	..	..	..	..	..
URBAN	..	..	7.6	..	..
RURAL	..	..	6.0	..	..
<b>AVERAGE NUMBER OF PERSONS PER ROOM</b>					
TOTAL	..	..	..	..	..
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..
<b>ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)</b>					
TOTAL	..	..	..	..	..
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..

TABLE 3A  
SENEGAL - SOCIAL INDICATORS DATA SHEET

	SENEGAL			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) <sup>/a</sup>		
	1960	/b	MOST RECENT 1970 /b ESTIMATE /b	LOW INCOME AFRICA SOUTH OF SAHARA	MIDDLE INCOME AFRICA SOUTH OF SAHARA	
<b>EDUCATION</b>						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY:	TOTAL	27.0	43.0	47.0	57.7	61.7
	MALE	36.0	53.0	57.0	74.2	69.2
	FEMALE	17.0	33.0	37.0	54.1	51.4
SECONDARY:	TOTAL	3.0	10.0	11.0	10.0	20.6
	MALE	4.0	15.0	16.0	13.7	29.2
	FEMALE	2.0	6.0	7.0	7.1	14.7
VOCATIONAL ENROL. (% OF SECONDARY)		23.0	9.0	10.0	6.8	7.0
PUPIL-TEACHER RATIO						
PRIMARY		..	45.0	49.0	45.0	36.6
SECONDARY		34.0	29.0	22.0	25.2	24.3
ADULT LITERACY RATE (PERCENT)		5.6/d	10.0	10.0	25.5	..
<b>CONSUMPTION</b>						
PASSENGER CARS PER THOUSAND POPULATION		6.0	9.0	9.2	3.6	38.8
RADIO RECEIVERS PER THOUSAND POPULATION		40.0	68.0	64.0	31.5	83.5
TV RECEIVERS PER THOUSAND POPULATION		..	0.4	0.4	1.8	..
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION		6.0	5.0	7.0	4.6	24.2
CINEMA ANNUAL ATTENDANCE PER CAPITA		..	..	0.7	..	0.7
<b>LABOR FORCE</b>						
TOTAL LABOR FORCE (THOUSANDS)		1590.3	1911.8	2232.8	.	.
FEMALE (PERCENT)		39.7	39.1	38.0	33.5	38.1
AGRICULTURE (PERCENT)		83.6	79.7	77.0	80.7	54.3
INDUSTRY (PERCENT)		5.4	6.6	8.0	8.1	17.8
<b>PARTICIPATION RATE (PERCENT)</b>						
TOTAL		46.6	44.3	42.8	42.2	38.8
MALE		56.7	54.5	53.0	55.1	48.4
FEMALE		36.8	34.3	32.8	29.5	29.4
ECONOMIC DEPENDENCY RATIO		1.0	1.1	1.1	1.2	1.3
<b>INCOME DISTRIBUTION</b>						
PERCENT OF PRIVATE INCOME RECEIVED BY						
HIGHEST 5 PERCENT OF HOUSEHOLDS		36.8/e	..	..	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS		62.5/e	..	..	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS		3.2/e	..	..	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS		9.4/e	..	..	..	..
<b>POVERTY TARGET GROUPS</b>						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN		..	..	..	138.2	..
RURAL		..	..	82.0	86.1	..
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN		..	..	194.0	107.0	..
RURAL		..	..	..	65.0	..
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)						
URBAN		..	..	..	..	..
RURAL		..	..	..	66.9	..

.. Not available  
 . Not applicable.

NOTES

/a The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1974 and 1978.

/c 1964; /d African population only; /e Population.

Most recent estimate of GNP per capita is for 1979, all other data are as of April, 1980.

## DEFINITIONS OF SOCIAL INDICATORS

**Notes:** Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The reference groups are (1) the same country group of the subject country and (2) a country group with somewhat higher average income than the country group of the subject country (except for "Capital Surplus Oil Exporters" group where "Middle Income North Africa and Middle East" is chosen because of stronger socio-cultural affinities). In the reference group data the averages are population weighted arithmetic means for each indicator and shown only when at least half of the countries in a group has data for that indicator. Since the coverage of countries among the indicators depends on the availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are only useful in comparing the value of one indicator at a time among the country and reference groups.

**LAND AREA** (thousand sq.km.)

**Total** - Total surface area comprising land area and inland waters.  
**Agricultural** - Estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow; 1977 data.

**GNP PER CAPITA (US\$)** - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1977-79 basis); 1960, 1970, and 1979 data.

**ENERGY CONSUMPTION PER CAPITA** - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita; 1960, 1970, and 1978 data.

**POPULATION AND VITAL STATISTICS**

**Total Population, Mid-Year (millions)** - As of July 1, 1960, 1970, and 1978 data.

**Urban Population (percent of total)** - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1978 data.

**Population Projections**

**Population in year 2000** - Current population projections are based on 1980 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.

**Stationary population** - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.

**Year stationary population is reached** - The year when stationary population size has been reached.

**Population Density**

**Per sq. km.** - Mid-year population per square kilometer (100 hectares) of total area.  
**Per sq. km. agricultural land** - Computed as above for agricultural land only.

**Population Age Structure (percent)** - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1978 data.

**Population Growth Rate (percent)** - total - Annual growth rates of total mid-year populations for 1960-65, 1960-70, and 1970-78.

**Population Growth Rate (percent)** - urban - Annual growth rates of urban populations for 1960-65, 1960-70, and 1970-78.

**Crude Birth Rate (per thousand)** - Annual live births per thousand of mid-year population; 1960, 1970, and 1978 data.

**Crude Death Rate (per thousand)** - Annual deaths per thousand of mid-year population; 1960, 1970, and 1978 data.

**Gross Reproduction Rate** - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1977.

**Family Planning - Acceptors, Annual (thousands)** - Annual number of acceptors of birth-control devices under auspices of national family planning program.

**Family Planning - Users (percent of married women)** - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

**FOOD AND NUTRITION**

**Index of Food Production per Capita (1969-71=100)** - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g., sugarcane instead of sugar) which are edible and contain nutrients (e.g., coffee and tea are excluded). Aggregate production of each country is based on national average producer price weights; 1961-65, 1970, and 1978 data.

**Per capita supply of calories (percent of requirements)** - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distribution of population, and allowing 10 percent for waste at household level; 1961-65, 1970, and 1977 data.

**Per capita supply of protein (grams per day)** - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for minimum allowance of 50 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey; 1961-65, 1970 and 1977 data.

**Per capita protein supply from animal and pulse** - Protein supply of food derived from animals and pulses in grams per day; 1961-65, 1970 and 1977 data.  
**Child (ages 1-4) Mortality Rate (per thousand)** - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables; 1960, 1970 and 1977 data.

**HEALTH**

**Life Expectancy at Birth (years)** - Average number of years of life remaining at birth; 1960, 1970 and 1978 data.

**Infant Mortality Rate (per thousand)** - Annual deaths of infants under one year of age per thousand live births.

**Access to Safe Water (percent of population)** - total, urban, and rural - N. Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

**Access to Excreta Disposal (percent of population)** - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percent of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.

**Population per Physician** - Population divided by number of practicing physicians qualified from a medical school at university level.

**Population per Nursing Person** - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

**Population per Hospital Bed** - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities. For statistical purposes urban hospitals include WHO principal general and specialized hospitals, and rural hospitals local or rural hospitals and medical and maternity centers.

**Admissions per Hospital Bed** - Total number of admissions to or discharges from hospitals divided by the number of beds.

**HOUSING**

**Average Size of Household (persons per household)** - total, urban, and rural -

A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.

**Average number of persons per room** - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

**Access to Electricity (percent of dwellings)** - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

**EDUCATION**

**Adjusted Enrollment Ratios**

**Primary school** - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentages of respective primary school-age populations; normally includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

**Secondary school** - total, male and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

**Vocational enrollment (percent of secondary)** - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

**Pupil-teacher ratio** - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

**Adult literacy rate (percent)** - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

**CONSUMPTION**

**Passenger Cars (per thousand population)** - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

**Radio Receivers (per thousand population)** - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

**TV Receivers (per thousand population)** - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

**Newspaper Circulation (per thousand population)** - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

**Cinema Annual Attendance per Capita per Year** - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

**LABOR FORCE**

**Total Labor Force (thousands)** - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc. Definitions in various countries are not comparable; 1960, 1970 and 1978 data.

**Female (percent)** - Female labor force as percentage of total labor force.

**Agriculture (percent)** - Labor force in farming, forestry, hunting and fishing as percentage of total labor force; 1960, 1970 and 1978 data.

**Industry (percent)** - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1978 data.

**Participation Rate (percent)** - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1975 data. These are ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.

**Economic Dependency Ratio** - Ratio of population under 15 and 65 and over to the total labor force.

**INCOME DISTRIBUTION**

**Percentage of Private Income (both in cash and kind)** - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

**POVERTY TARGET GROUPS**

**Estimated Absolute Poverty Income Level (US\$ per capita)** - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.

**Estimated Relative Poverty Income Level (US\$ per capita)** - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.

**Estimated Population Below Absolute Poverty Income Level (percent)** - urban and rural - Percent of population (urban and rural) who are "absolute poor".



SENEGAL - ECONOMIC DEVELOPMENT DATA SHEET

	Actuals										Estimates					Projections 1/					Growth Rates (%)				Shares in GDP													
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1990	1971-75	1975-79	1979-85	1985-90	1971	1975	1979	1985	1990																
<b>A. NATIONAL ACCOUNTS</b> (in billions of 1971 CFAF)																							<b>2.3</b>	<b>2.3</b>	<b>3.0</b>	<b>3.9</b>	<b>100.0</b>	<b>100.7</b>	<b>101.0</b>	<b>106.3</b>	<b>104.8</b>							
1. GDP	257	277	297	299	269	303	287	311	323	335	368	439	2.3	2.3	3.0	3.9	100.0	100.7	101.0	106.3	104.8																	
2. TT adjustment	6	-2	-9	-	1	-3	-6	-10	-78	-11	-13	-15	-20	-	-	-	-	-	-	-	-	-																
3. GDY	263	275	288	299	270	300	281	301	315	324	335	367	419	2.7	2.2	2.5	3.8	100.0	100.0	100.0	100.0	100.0																
4. Imports (inc. NFS)	85	86	105	115	110	125	99	108	110	112	115	119	144	1.2	9.8	-0.8	3.9	33.2	31.3	41.7	34.3	34.4																
5. Exports (inc. NFS)	68	77	95	101	73	84	69	92	96	101	106	112	147	4.7	2.2	4.9	5.6	25.9	28.0	28.0	32.3	35.1																
6. Exports, TT adj.	74	75	86	101	74	81	63	82	88	90	93	97	127	4.0	1.9	3.0	5.5	25.9	27.3	27.0	27.9	30.3																
7. Res. gap, TT adj.	-11	-11	-19	-14	-36	-44	-36	-26	-22	-22	-22	-21	-17	-	-	-	-	7.3	4.0	14.7	6.1	4.1																
8. Consumption	225	243	257	266	265	298	274	280	288	296	304	313	367	1.9	5.2	0.8	3.2	91.0	88.4	99.3	90.2	87.6																
9. Gross Investment	49	43	50	47	41	46	43	46	49	51	53	55	69	1.8	1.7	3.0	4.6	16.2	15.6	15.3	15.9	16.5																
10. Private Investment	20	15	18	19	14	15	16	17	18	18	18	19	23	-3.1	0.0	4.0	3.9	6.9	5.5	5.0	5.5	5.5																
11. Public Investment	18	19	21	21	22	23	23	25	27	29	31	32	42	7.9	4.9	5.7	5.6	5.7	6.9	7.7	9.2	10.0																
12. Change in stocks	11	9	11	7	5	8	4	4	4	4	4	4	4	-	-	-	-	3.6	3.3	2.7	11.2	11.0																
13. Domestic Savings, TT adj.	38	32	31	33	5	2	7	21	27	28	31	34	52	7.8	-50.0	60.0	8.9	8.9	11.6	0.7	9.8	12.4																
14. National Savings, TT adj.	40	11	18	15	16	9	16	26	32	34	36	39	58	2.4	-27.7	27.7	8.3	12.1	12.0	5.0	11.2	13.8																
15. Current account (import 8)	1441	1400	1414	1420	2012	2002	2012	2110	2121	2086	4511	5105	9525	20.8	6.9	12.8	13.3	-	-	-	-	-																
<b>B. AGRICULTURE</b>																							<b>2.9</b>	<b>2.1</b>	<b>1.0</b>	<b>3.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>							
1. Value added	237	277	297	299	269	303	287	311	323	335	368	439	2.9	2.1	1.0	3.9	100.0	100.0	100.0	100.0	100.0																	
2. Agriculture	59	72	79	74	64	81	70	84	88	92	98	100	124	4.0	3.0	3.6	4.4	21.0	28.6	26.7	27.6	28.2																
3. Industry	60	64	69	72	64	70	67	74	80	84	89	94	123	4.3	2.1	5.0	5.5	21.9	21.6	23.1	26.0	28.0																
4. Private Services	111	113	119	120	108	118	116	119	120	124	128	133	150	0.2	1.1	2.0	2.5	45.3	39.6	38.9	36.7	34.2																
5. Public Services	27	28	30	33	33	34	34	34	35	35	35	35	42	-0.9	5.0	0.5	3.5	11.7	10.2	11.2	9.7	9.6																
<b>C. PRICES INDICES (1971 100)</b>																							<b>17.7</b>	<b>2.7</b>	<b>9.9</b>	<b>5.4</b>	<b>18.6</b>	<b>3.5</b>	<b>10.7</b>	<b>8.0</b>								
1. Export Prices (goods only)	221	192	167	207	217	214	238	253	289	304	320	377	490	17.7	2.7	9.9	5.4	18.6	3.5	10.7	8.0	8.0																
2. Import Prices	194	198	195	209	211	227	277	301	329	356	385	417	613	18.6	3.5	10.7	8.0	11.4	9.7	8.6	9.4	8.0																
3. Terms of Trade	114	97	86	99	103	94	86	84	88	85	83	90	80	-0.8	-0.8	-0.7	-2.3	132	147	154	159	169																
4. GDP Deflator	132	147	154	159	169	174	190	207	226	246	268	292	450	10.1	4.3	9.0	9.0	138	181	183	204	211																
5. Consumer Prices 2/	138	181	183	204	211	233	268	295	324	359	398	441	736	16.0	6.5	11.2	10.8	138	166	167	180	195																
6. Fixed Investment Prices	138	166	167	180	195	208	229	252	277	305	335	368	593	13.5	5.8	10.0	10.0	260.5	214.3	239	245.7	225.6																
7. Exch. Rate (CFAF per US\$)	260.5	214.3	239	245.7	225.6	212.7	207.1	207.1	207.1	207.1	207.1	207.1	207.1	-	-	-	-	-	-	-	-	-																
<b>D. SELECTED INDICATORS 3/</b>																							<b>4/</b>	<b>4/</b>	<b>4/</b>	<b>4/</b>												
1. ICOR 5/	2.1	8.1	4.7	9.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9																
2. Av. Nat. Savings Rate	11.0	9.4	13.4	8.8	9.3	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5																
3. Mar. Nat. Savings Rate 6/	-15.3	18.2	14.3	-103.8	41.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0																
4. Fixed Investment GDP	12.0	12.5	17.1	12.9	13.8	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4																
5. Import Elasticity 7/	-0.1	-0.1	0.90	2.49	0.46	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98																
6. Imports/GDP	32.0	29.9	32.9	37.4	33.9	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6																
7. Exports/GDP	26.4	24.9	27.4	28.8	25.8	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9																
8. Resources Gap/GDP	-4.1	-5.0	-5.5	-8.6	-8.1	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7	-4.7																
<b>E. LABOR FORCE (1971)</b>																							<b>Thousand</b>	<b>Percent</b>														
1. Agriculture																			812	69.4																		
2. Mining																			2	0.2																		
3. Manufacturing																			69	5.9																		
4. Public Utilities																			4	0.3																		
5. Construction																			17	1.5																		
6. Private Services																			115	9.8																		
7. Public Services																			127	10.9																		
8. Other																			26	2.1																		
Total																			1170	100.0																		
<b>F. PUBLIC FINANCE</b>																							<b>Growth rates (%)</b>	<b>Shares in current GDP (%)</b>														
(in billions of current CFAF and fiscal years) 8/	Actuals										Estimates		Projections 1/		FY71-75			FY75-80			FY80-85			FY71			FY75			FY79			FY80 2/			FY85		
1. Budget Revenues	55.4	77.3	87.2	104.8	110.1	126.7	154.2	161.7	289.0	13.6	14.8	15.3	19.0	20.7	25.9	28.7	29.0	11.7	13.0	13.9	17.3	17.6	21.4	22.6	20.3	1.7	3.1	4.5	6.1	8.7	1.7	3.1	4.5	6.1	8.7			
2. Current Exp. (excl. interest)	48.9	65.8	80.2	86.3	97.6	104.9	121.4	120.1	262.0	11.7	13.0	13.9	17.3	17.6	21.4	22.6	20.3	-	-	-	0.6	0.1	0.6	-0.4	-	-	-	-	-	-	-	-	-					
3. Budg. Sav. before Debt Service	6.5	11.5	7.0	18.5	12.5	21.8	32.8	41.6	87.0	-	-	-	0.6	0.1	0.6	-0.4	-	-	-	-	-	0.6	0.1	0.6	-0.4	-	-	-	-	-	-	-	-	-				
4. Other Public Savings 9/	7.2	0.3	4.8	10.2	0.5	2.8	-2.1	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	3.2	5.1	5.7	8.7	2.3	3.2	5.1	5.7	8.7	2.3	3.2	5.1	5.7	8.7		
5. Publ. Sav. before Debt Service	13.7	11.8	11.8	28.7	13.0	24.6	30.7	45.4	87.0	12.5	10.2	9.3	14.0	14.1	4.0	5.6	4.7	-	-	-	1.0	1.1	4.0	5.6	4.7	1.3	1.4	4.0	5.6	4.7	1.3	1.4	4.0	5.6	4.7			
6. Debt Service	2.5	4.0	8.7	9.7	12.5	19.7	30.0	31.4	46.9	-	-	-	-	-	-	-	-	-	-	-	-	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1		
7. Investable Surplus	11.2	7.8	3.1	19.0	0.5	4.9	0.7	12.0	40.1	28.3	11.4	18.9	5.7	9.4	10.3	11.2	14.1	-	-	-	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1			
8. Public Investments 10/	29.2	35.0	40.4	45.5	45.6	50.6	60.1	76.0	140.0	11.7	13.0	13.9	17.3	17.6	21.4	22.6	20.3	-	-	-	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1	1.3	2.1	1.1	0.1	0.1			
9. Percentage of self financing (1)	38.4	22.3	7.7	41.8	1.1	9.7	1.2	17.1	28.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
10. Debt Service in percentage of revenues (%)	4.5	5.2	10.0	9.3	11.3	15.5	19.5	20.4	16.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

1/ These projections assume that Government's stabilization plan will be implemented.  
 2/ Cost of living index of traditional families in Dakar.  
 3/ Calculated from values in current prices or constant prices adjusted for changes in terms of trade.  
 4/ Adjusted for terms of trade where appropriate.  
 5/ Calculated on three years average of GDP and the five years sum of fixed investments in constant prices.  
 6/ Calculated on three years averages for the base years in current prices.  
 7/ Calculated on three years averages for the base years in constant prices.  
 8/ Fiscal years from July 1 to June 30.  
 9/ Includes savings from Stabilization Fund and public enterprises.  
 10/ Public investments as defined by the Ministry of Planning; contrary to the national accounts definition, these figures include the full costs of projects in mixed enterprises in which Government takes a major financial responsibility, project components that do not represent fixed capital formation, research projects and some military expenditures.

\* Preliminary information on the 1980/81 groundnut crop, received in November, is pessimistic and, if confirmed, may reduce our October 1980 export prospects for 1981 by some US\$150 million.

SENEGAL - BALANCE OF PAYMENTS AND EXTERNAL ASSISTANCE  
(millions of current US\$)

	Actuals				Estimates		Projections						
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1990
<b>A. SUMMARY BALANCE OF PAYMENTS</b>													
Exports, inc. NFS	602	693	698	853	691	864	841	1,190	1,396	1,551	1,739	1,962	3,778
Imports, inc. NFS	-691	-793	-852	-979	-1,030	-1,337	-1,318	-1,566	-1,742	-1,928	-2,148	-2,394	-4,270
Resource Balance	-89	-100	-154	-126	-339	-473	-477	-376	-346	-377	-409	-432	-492
Factor Services (net)	-48	-55	-8	-13	-27	-56	-74	-73	-76	-83	-92	-103	-161
Net investment income	-26	-37	-20	-24	-28	-38	-46	-38	-41	-42	-44	-45	-70
Interest on public debt	-14	-19	-18	-21	-29	-44	-49	-49	-48	-47	-45	-45	-51
Other interest	2	-3	-1	-4	-4	-11	-20	-25	-28	-36	-47	-59	-98
Workers' remittances	-20	-6	17	18	15	17	19	20	21	23	25	27	33
Other	10	10	14	18	19	20	22	19	20	19	19	19	25
Current Transfers (net)	64	67	66	71	97	93	140	106	114	123	133	143	210
Current Account Balance	-73	-88	-96	-68	-269	-436	-411	-343	-308	-337	-368	-392	-443
Private Capital (net)	-5	12	16	26	36	42	46	51	57	62	69	77	136
Capital Grants	19	22	23	24	29	33	35	36	38	39	40	42	54
Public M - T Loans (net)	60	56	60	56	135	136	236	145	177	214	-265	281	267
Disbursements	80	76	84	92	204	214	342	249	277	325	402	457	661
Repayments	-20	-20	-24	-36	-69	-78	-106	-104	-98	-111	-137	-176	-374
Short-term Capital (net) 1/	23	10	-	-38	-39	36	50	1	-50	1	-	-	-
Capital n.e.i. 2/	-31	-22	-13	-9	24	70	40	71	18	6	19	-	-
Increase in Reserves (+)	-7	-10	-10	-9	-84	-119	-4	-90	-28	-22	6	8	14
Level of Foreign Assets (end yr.)	-27	-46	-43	-55	-171	-319	-323	-413	-441	-463	-457	-449	-435
<b>B. LOAN COMMITMENTS</b>													
	70	135	127	215	357	449	282	268	259	373	444	491	678
IBRD	.3	7	26	20	11	7	40	14	30	64	51	48	63
IDA	-	25	11	-	26	25	72	13	25	25	28	31	42
OPEC Funds	-	4	-	3	5	-	8	9	10	11	13	14	15
Other International Institutions	10	6	12	21	28	46	14	22	20	23	25	26	31
France	16	13	27	28	27	25	101	36	40	44	48	53	59
Germany	17	3	5	-4	2	16	15	17	17	19	19	22	25
Canada	-	8	4	5	-	-	2	2	2	2	2	2	-3
OPEC Countries	9	-	4	-	38	6	-	-	-	-	-	-	-
Other Bilateral	4	21	14	12	20	15	20	20	23	25	27	30	33
OMVS (Diama Dam)	-	-	-	-	-	-	-	113	16	-	-	-	-
Suppliers	3	1	10	22	10	3	10	15	20	30	30	30	38
Financial Institutions and Private Banks	8	47	28	100	190	6	-	7	72	130	201	235	369
<b>C. LOAN TERMS</b>													
Interest (%)	4.7	4.8	6.1	7.6	6.9	3.9	5.3	4.4	5.8	6.5	6.5	6.5	6.7
Grace (years)	6.3	6.5	5.6	3.6	3.7	6.4	6.6	6.5	4.6	4.1	3.6	3.6	3.2
Maturity (years)	27.5	23.4	20.1	12.7	13.7	23.7	26.5	30.1	21.1	18.8	17.2	16.9	15.8
Grant Element (%)	39.0	40.0	28.2	13.6	18.9	43.9	41.4	53.4	37.3	29.7	27.2	26.9	24.6
Debt Service Ratio (%)	5.4	5.3	5.5	6.4	13.6	13.7	18.0	12.7	10.4	10.5	11.3	12.6	13.0
Debt Service Ratio (including IMF funds)	-	-	5.6	6.6	15.1	15.8	19.5	15.5	13.3	17.6	13.3	14.5	13.8

1/ Includes errors and omissions, (1980/81 figures refer to a short-term OPEC loan).

2/ Includes STABEX, SDR allocations and differences between public capital inflows as recorded by the Central Bank and by the IBRD debt report.

3/ \$4 million from U.S.A.

4/ Includes \$17.4 million from Spain and \$3.5 from Denmark.

5/ Includes \$14 million Third Window Funds.

6/ U.S. Aid

7/ STABEX \$24 million.

8/ Includes \$17.6 million IMF Trust Funds.

9/ \$37 million from Saudi Arabia and \$1 million from Abu Dhabi.

10/ Spain.

11/ Includes STABEX \$64 million and SDR allocation \$6 million.

12/ Includes \$13.4 million IMF Trust Fund, \$19.6 million African Development Bank, and \$12.8 million European Investment Bank.

13/ Includes \$12.8 million from Japan and \$2 million from the United Kingdom.

14/ Includes exceptional aid: IDA \$15 million; France \$67.6 million; and STABEX advance from France \$36.2 million.

15/ Includes STABEX \$34.8 million and SDR allocation \$6 million.

16/ An estimated share of 75% in the \$150 million cost of the Diama Dam: France \$52 million; Saudi Arabia \$37 million; Kuwait \$35 million; and African Development Bank \$26 million.

17/ Including exceptional aid from IBRD \$30 million and IDA \$15 million. Also including gapfills from 1981 on.

18/ Including STABEX \$65.2 million (\$101.4 million STABEX less repayment of STABEX advance from France \$36.2 million) and SDR \$5.8 million.

19/ SDR allocation \$6 million.

\* Preliminary information on the 1980/81 groundnut crop, received in November, is pessimistic and, if confirmed, may reduce our October 1980 export projections for 1981 by some US\$150 million.

Table 1.1: EXPORT DETAIL

	Actuals				Estimates		Projections						
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1990
<b>A. CONSTANT 1971 PRICES</b> (millions of CFAF)													
1. Groundnut products	16,118	27,806	40,620	37,535	10,398	21,276	7,802	28,265*	28,765	29,282	29,809	30,346	33,117
2. Phosphates	5,952	4,757	5,526	5,396	5,054	5,709	5,000	5,831	6,071	6,234	6,483	6,743	7,969
3. Petroleum products	2,267	2,221	1,651	3,000	3,178	3,275	2,584	2,715	2,849	2,991	3,141	3,298	4,209
4. Fish and fish products	7,230	7,709	8,928	12,600	12,660	13,601	14,008	14,778	15,517	16,448	17,559	18,831	24,960
5. Other goods	10,902	9,257	12,844	15,303	12,829	12,525	13,447	14,321	15,252	16,243	17,380	18,945	28,354
6. Total goods	42,469	51,750	69,569	73,834	44,119	56,386	43,491	65,899	68,400	71,198	74,414	78,162	98,669
7. Adjustments on custom statistics /1	3,269	4,388	3,510	5,256	4,455	4,355	4,099	4,102	4,307	4,566	4,839	5,130	6,733
8. Non-factor services	22,813	20,574	22,709	21,788	24,169	23,357	21,402	22,400	23,500	24,910	26,903	29,055	41,898
<b>Total Exports</b>	<b>68,551</b>	<b>76,712</b>	<b>95,788</b>	<b>100,878</b>	<b>72,743</b>	<b>84,098</b>	<b>68,992</b>	<b>92,401</b>	<b>96,207</b>	<b>100,674</b>	<b>106,156</b>	<b>112,347</b>	<b>147,300</b>
<b>B. PRICE INDICES (1971 = 100)</b>													
1. Groundnut products	210.8	145.0	158.4	211.0	226.0	196.0	175.0	221.3	276.8	279.6	282.4	285.2	413.3
2. Phosphates	419.1	467.2	306.1	278.0	277.0	257.5	301.2	334.5	363.0	395.7	432.5	473.3	621.5
3. Petroleum products	234.2	312.8	321.9	427.0	428.0	458.0	619.2	758.8	808.2	884.8	968.5	1,061.9	1,828.8
4. Fish and fish products	99.2	94.2	126.0	134.0	143.0	155.9	169.9	181.8	194.5	208.1	222.7	238.3	334.2
5. Other goods /2	206.8	241.4	140.9	189.5	206.6	225.1	245.4	262.6	280.9	300.6	321.7	344.2	482.8
6. Total goods	221.2	191.5	167.0	207.1	216.9	214.2	238.0	252.7	288.8	303.5	319.5	377.2	480.3
7. Adjustments and NFS	194.3	198.3	193.7	209.3	211.0	227.3	276.6	301.1	328.8	356.3	385.4	417.3	613.4
<b>Total Exports</b>	<b>211.0</b>	<b>193.7</b>	<b>174.0</b>	<b>207.7</b>	<b>214.6</b>	<b>218.6</b>	<b>252.3</b>	<b>266.6</b>	<b>300.4</b>	<b>302.5</b>	<b>339.2</b>	<b>361.6</b>	<b>530.9</b>
<b>C. CURRENT VALUES</b> (millions of CFAF)													
1. Groundnut products	33,977	40,318	64,342	79,200	23,499	41,701	13,700	62,531*	79,620	81,874	84,182	86,547	137.1
2. Phosphates	24,946	22,225	16,914	15,014	14,000	14,701	17,018	19,504	21,843	24,668	28,041	31,913	49.5
3. Petroleum products	5,309	6,548	5,316	12,800	13,602	14,999	16,000	20,045	23,024	26,467	30,419	35,021	76.9
4. Fish and fish products	7,172	7,262	11,230	16,900	18,104	21,200	23,799	26,865	30,183	34,233	39,194	44,873	83.4
5. Other goods	22,569	22,348	18,103	29,006	28,499	28,199	33,000	37,605	42,853	48,833	55,909	65,207	136.9
6. Total goods	93,973	99,101	115,925	152,920	95,704	120,800	103,517	166,550	197,523	216,075	237,745	263,561	483.8
7. Adjustments on custom statistics /3	6,362	8,701	6,799	11,000	9,401	9,901	11,339	12,353	14,164	16,268	18,649	21,407	41.3
8. Non-factor services	44,325	40,799	43,987	45,600	50,999	53,101	59,204	67,457	77,280	88,763	103,671	121,247	257.0
<b>Total Exports</b>	<b>144,660</b>	<b>148,601</b>	<b>166,711</b>	<b>209,520</b>	<b>156,104</b>	<b>183,802</b>	<b>174,060</b>	<b>246,360</b>	<b>288,967</b>	<b>321,106</b>	<b>360,065</b>	<b>406,215</b>	<b>782.1</b>
<b>D. CURRENT VALUES</b> (millions of US dollars)													
1. Groundnut products	141.3	188.1	269.2	322.4	104.1	196.0	66.2	302.0*	384.6	395.4	406.6	418.0	662.2
2. Phosphates	103.7	103.7	70.8	61.1	62.1	69.1	82.2	94.2	105.5	119.1	135.4	154.1	239.2
3. Petroleum Products	22.1	32.4	22.2	52.1	60.3	70.5	77.3	96.8	111.2	127.8	146.9	169.1	371.8
4. Fish and fish products	29.8	33.9	47.1	68.8	80.2	99.7	114.9	129.8	145.8	165.3	189.3	216.7	402.9
5. Other goods	93.9	104.3	75.8	118.1	117.4	132.6	159.4	181.6	206.9	235.9	270.0	314.9	661.1
6. Total goods	390.8	462.4	485.1	622.5	424.1	567.9	500.0	804.4	954.0	1,043.5	1,148.2	1,272.8	2,337.2
7. Adjustments on custom statistics /1	26.4	40.6	28.5	44.8	41.7	46.5	54.8	59.7	68.4	78.6	90.1	103.4	199.6
8. Non-factor services	184.3	190.4	184.1	185.6	226.0	249.6	285.9	325.8	373.3	428.7	500.7	585.6	1,241.5
<b>Total Exports</b>	<b>601.5</b>	<b>693.4</b>	<b>697.7</b>	<b>852.9</b>	<b>691.8</b>	<b>864.0</b>	<b>840.7</b>	<b>1,189.9</b>	<b>1,395.7</b>	<b>1,550.8</b>	<b>1,739.0</b>	<b>1,961.8</b>	<b>3,778.3</b>
(Exchange rate)	(240.50)	(214.32)	(238.98)	(245.67)	(225.64)	(212.72)	(207.06)	(207.06)	(207.06)	(207.06)	(207.06)	(207.06)	(207.06)

- 1/ Adjustments are related to: (i) the timing of transactions; (ii) under-invoicing and unofficial border trade; (iii) stock movements in bonded warehouses; and (iv) supplies to ships (mainly bunkers).  
2/ Calculated as residuals.  
3/ Import price index.

\* Preliminary information on the 1980/81 groundnut crop, received in November, is pessimistic and, if confirmed, may reduce our October 1980 export projections for 1981 by some US\$150 million.

TABLE 1.2 IMPORT DETAIL

	Actuals				Estimates		Projections						
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1990
<b>A. CONSTANT PRICES (c.i.f.)</b> (millions of CFAF)													
Foodstuffs	17,139	13,063	18,403	19,842	21,115	24,666	21,394	21,202	19,800	18,546	18,138	17,797	18,200
Petroleum	4,715	4,497	4,668	5,291	4,988	5,690	7,154	7,163	7,521	7,897	8,292	8,707	11,112
Intermediate goods	13,644	18,809	23,464	24,213	23,350	24,575	17,741	23,500	24,675	25,909	27,204	28,564	37,154
Other consumer goods	9,826	12,451	16,621	21,620	18,500	21,576	14,860	16,123	16,445	16,774	17,110	17,452	19,841
Equipment goods	<u>16,118</u>	<u>14,022</u>	<u>15,738</u>	<u>18,649</u>	<u>14,600</u>	<u>19,427</u>	<u>15,154</u>	<u>16,981</u>	<u>17,828</u>	<u>18,784</u>	<u>19,790</u>	<u>20,558</u>	<u>25,974</u>
Total goods	61,442	62,842	78,894	89,615	82,553	95,934	76,309	84,969	86,270	87,910	90,534	93,079	112,281
Adjustments on custom statistics /1	14,616	10,593	10,866	11,181	11,800	12,751	9,721	9,217	9,770	10,356	10,978	11,636	15,572
Non-factor services	9,408	12,338	14,608	14,143	15,830	16,451	12,623	13,498	13,633	13,769	13,907	14,046	16,280
<b>Total Imports</b>	<u>85,466</u>	<u>85,773</u>	<u>104,368</u>	<u>114,939</u>	<u>110,183</u>	<u>125,136</u>	<u>98,653</u>	<u>107,684</u>	<u>109,673</u>	<u>112,035</u>	<u>115,419</u>	<u>118,761</u>	<u>144,133</u>
<b>B. PRICE INDICES (1971=100)</b>													
Foodstuffs	236.3	224.9	186.1	189.5	191.8	171.9	209.4	228.3	254.2	271.8	290.9	312.2	408.8
Petroleum	329.3	330.0	404.8	442.0	417.0	513.2	698.9	837.6	918.0	1,006.8	1,103.8	1,211.9	1,951.8
Intermediate goods	177.2	182.8	185.4	200.0	200.0	223.4	243.5	260.6	278.8	298.3	319.2	341.5	479.0
Other consumer goods	177.1	182.8	185.4	200.0	200.0	223.4	243.5	260.6	278.8	298.3	319.2	341.5	504.0
Equipment goods	<u>135.2</u>	<u>166.4</u>	<u>167.9</u>	<u>200.0</u>	<u>200.0</u>	<u>223.4</u>	<u>243.5</u>	<u>260.6</u>	<u>278.8</u>	<u>298.3</u>	<u>319.2</u>	<u>341.5</u>	<u>479.0</u>
<b>Total Goods /2</b>	<u>194.3</u>	<u>198.3</u>	<u>195.1</u>	<u>209.3</u>	<u>211.0</u>	<u>227.3</u>	<u>276.6</u>	<u>301.1</u>	<u>328.9</u>	<u>356.4</u>	<u>385.4</u>	<u>417.3</u>	<u>611.4</u>
<b>C. CURRENT VALUES</b> (millions of CFAF)													
Foodstuffs	40,502	29,313	34,248	37,597	40,499	42,401	44,799	48,404	50,322	50,408	52,763	55,562	74,402
Petroleum	15,528	14,840	18,897	23,390	20,800	29,201	49,999	59,997	69,044	79,509	91,528	105,516	216,885
Intermediate goods	24,176	34,375	43,502	48,426	46,700	54,901	41,200	61,230	68,791	77,287	86,832	97,556	177,972
Other consumer goods	17,388	22,756	30,816	43,240	37,000	48,201	36,200	42,009	45,848	50,039	54,612	59,604	95,046
Equipment goods	21,788	23,332	26,424	34,894	29,200	43,400	36,901	44,244	49,704	56,035	63,167	70,213	124,421
Total goods	119,382	124,616	153,887	187,547	174,199	218,103	211,095	255,884	283,719	313,278	348,902	388,451	688,720
Adjustments on custom statistics /1	28,398	21,004	21,201	23,400	24,899	28,989	26,891	27,757	32,129	36,903	42,303	48,558	95,515
Non-factor services	18,280	24,467	28,540	29,600	33,403	37,401	34,919	40,649	44,832	40,065	53,591	58,614	99,858
<b>Total Imports</b>	<u>166,060</u>	<u>170,087</u>	<u>203,628</u>	<u>240,547</u>	<u>232,501</u>	<u>284,493</u>	<u>272,909</u>	<u>324,290</u>	<u>360,680</u>	<u>399,246</u>	<u>444,796</u>	<u>495,623</u>	<u>884,094</u>
<b>D. CURRENT VALUES (c. i. f.)</b> (millions of US\$)													
Foodstuffs	168.4	136.8	143.3	153.0	179.5	199.3	216.4	233.8	243.1	243.5	254.8	268.4	359.4
Petroleum	64.6	69.2	79.1	95.2	92.2	137.3	241.5	289.8	333.5	384.0	442.1	509.6	1,047.6
Intermediate goods	100.5	160.4	182.0	197.1	206.9	258.1	208.7	295.7	332.3	373.3	419.4	471.2	859.6
Other consumer goods	72.3	106.2	128.9	176.0	163.9	226.6	174.8	202.9	221.4	241.7	263.8	287.9	459.0
Equipment goods	<u>90.6</u>	<u>108.9</u>	<u>110.6</u>	<u>142.0</u>	<u>129.4</u>	<u>204.0</u>	<u>178.2</u>	<u>213.7</u>	<u>240.1</u>	<u>270.6</u>	<u>305.1</u>	<u>339.1</u>	<u>601.0</u>
Total Goods	496.4	581.5	643.9	763.4	771.9	1,025.3	1,019.6	1,235.9	1,370.4	1,513.1	1,685.2	1,876.2	3,326.6
Adjustments on customs statistics /1	118.1	97.9	88.7	95.2	110.3	136.3	129.9	134.1	155.2	178.2	204.3	234.5	461.3
Non-factor services	76.0	114.2	119.8	120.5	148.0	175.8	168.7	196.3	216.5	236.9	258.8	283.1	482.3
<b>Total Imports</b>	<u>690.5</u>	<u>793.6</u>	<u>852.4</u>	<u>979.1</u>	<u>1,030.2</u>	<u>1,337.4</u>	<u>1,318.2</u>	<u>1,566.3</u>	<u>1,742.1</u>	<u>1,928.2</u>	<u>2,148.3</u>	<u>2,393.8</u>	<u>4,270.2</u>
(Exchange rates)	(240.50)	(214.32)	(238.98)	(245.67)	(225.64)	(212.72)	(207.06)	(207.06)	(207.06)	(207.06)	(207.06)	(207.06)	(207.6)

- 1/ Adjustments are related to: (a) the timing of transactions; (b) under-invoicing and unofficial border trade; (c) stock movements in bonded warehouses; and (d) supplies to ships (mainly bunkers).
- 2/ The import price index is also applied to non-factor services and trade adjustments.

SENEGAL - DEBT AND CREDITWORTHINESS  
(millions of current US\$)

	Actuals				Estimates		Projections						
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1990
<b>A. MEDIUM AND LONG-TERM DEBT</b> (disbursed only)													
1. Total Public Debt Outstanding	245.1	295.0	350.4	417.1	581.7	717.6	914.0	1 059.2	1 238.3	1 452.2	1 716.8	1 997.9	3 220.4
2. Including Undisbursed	420.4	522.8	616.6	814.5	1 156.0	1 227.2	1 147.1	1 354.3	1 605.8	1 955.9	2 341.0	2 721.0	4 206.4
3. Public Debt Service	33.4	39.3	42.3	56.5	98.0	122.0	154.9	152.6	146.6	163.6	197.8	248.5	497.2
a. Interest	13.8	18.4	18.1	20.6	29.2	44.1	49.3	49.1	48.5	52.5	60.2	72.1	122.9
b. Amortization	19.6	20.9	24.2	35.9	68.8	77.9	105.6	103.5	98.1	111.1	137.6	176.4	374.3
4. Other M & LT Debt Service	-	-	1.1	1.8	11.1	12.9	13.1	32.6	41.7	47.0	35.9	37.4	31
a. Interest	-	-	1.1	1.8	3.4	3.8	3.6	23.1	23.2	21.9	23.2	22.4	21
b. Amortization	-	-	-	-	7.7	15.1	9.5	9.5	18.5	25.1	12.7	15.0	10
5. Total Debt Service	33.4	39.3	43.4	58.3	109.1	140.9	168.0	185.2	188.3	210.6	233.7	285.9	528.2
6. Net Investment	26.0	37.0	23.0	24.8	28.4	37.6	45.9	38.2	41.0	42.0	44.0	45.4	69.9
7. Total Payment on Foreign Capital	59.4	76.3	66.4	83.1	137.5	178.5	213.9	223.4	229.3	252.6	277.7	331.3	598.1
<b>B. DEBT BURDEN</b>													
1. Public Debt Service Ratio	5.4	5.3	5.5	6.4	13.6	13.7	18.0	12.7	10.4	10.5	11.3	12.6	13.0
2. Payment on Foreign Capital Ratio	9.5	10.4	8.5	9.4	19.0	20.4	24.8	18.5	16.3	16.2	15.9	16.8	15.7
3. Public Debt Service/GDP	2.4	2.1	2.2	2.9	4.9	4.9	5.9	4.9	4.2	4.1	4.4	4.9	5.2
4. Public Debt Service/Govt. Revenue <sup>1/</sup>	4.5	5.2	10.0	9.3	11.3	15.5	19.5	20.4	16.2	14.9	15.2	16.2	-
<b>C. TERMS<sup>1/</sup></b>													
1. Interest on Total DOD/Total DOD	5.6	6.2	5.2	4.7	5.0	6.2	5.4	4.6	3.9	3.6	3.5	3.6	3.8
2. Public Debt Service/Total DOD	13.6	13.3	12.1	12.7	17.0	17.1	16.9	14.4	11.8	11.3	11.5	12.4	15.4
<b>D. DEPENDENCY RATIOS FOR M &amp; LT DEBT<sup>2/</sup></b>													
1. Gross Disbursements/Imports (incl. services)	10.4	8.5	9.0	8.9	18.7	15.1	21.6	15.0	15.1	16.1	17.9	18.2	14.4
2. Net Transfer/Imports (incl. services)	7.8	6.3	6.5	6.8	8.9	6.5	9.9	7.4	6.3	6.1	5.9	5.7	4.7
3. Net Transfer/Gross Disbursements	0.75	0.74	0.71	0.77	0.48	0.43	0.57	0.57	0.55	0.50	0.43	0.40	0.41
<b>E. EXPOSURE</b>													
1. IBRD Disb./Total Gross Disbursements	1.0	9.4	5.6	14.1	3.2	4.9	4.0	5.5	5.2	5.7	6.9	7.7	8.5
2. Bank Group Disb./Total Gross Disbursements	20.9	24.9	19.9	22.6	7.6	13.1	8.6	11.8	11.9	12.0	12.1	12.8	13.9
3. IBRD DOD/Total DOD	1.3	3.4	4.2	6.5	5.5	5.8	5.7	6.1	6.2	6.4	6.5	6.8	8.2
4. Bank Group DOD/Total DOD	14.2	18.1	19.9	21.16	17.9	18.2	16.9	17.2	17.2	17.1	16.8	16.7	18.9
5. IBRD Debt Service/Total Debt Service	1.8	1.9	2.9	3.6	4.2	3.2	3.1	4.6	6.3	6.6	5.9	5.8	6.5
6. Bank Group Debt Service/Total Debt Service	2.5	2.6	3.7	4.6	4.9	3.9	3.7	5.3	7.1	7.6	6.8	6.6	7.1
<b>F. EXTERNAL DEBT (Disbursed only)</b>													
		Outstanding Dec. 31, 1979		Outstanding Dec. 31, 1985		Outstanding Dec. 31, 1990							
		Amount	Percent	Amount	Percent	Amount	Percent						
1. IBRD		41.8	5.8	136.1	6.8	265.3	8.2						
2. IDA		89.0	12.4	197.9	9.9	342.4	10.6						
3. Other Multilateral		79.8	11.1	322.3	16.1	568.4	17.6						
4. Governments		259.1	36.1	577.7	28.9	835.0	25.9						
5. Suppliers' Credit and Financial Institutions		245.0	34.1	148.4	7.4	11.5	0.4						
6. Others		2.8	0.4	615.5	30.8	1 197.8	37.2						
7. Total Public M & LT Debt		717.5	100.0	1 997.9	100.0	3 220.4	100.0						
8. Total Public M & LT Debt (incl. undisbursed)		1 227.2	171.0	2 721.0	136.2	4 206.4	131.4						
G. TOTAL DEBT SERVICE 1980-85/DOD end-1979	177.2%												

1/ Debt service to be paid by the Treasury only (fiscal years).  
2/ Public debt only.  
3/ High Eurodollar borrowing to finance Government's participation policy.

STATUS OF WORLD BANK OPERATIONS IN SENEGAL

A. Statement of Bank Loans and IDA Credits (as of January 31, 1981)

Loan or Credit Number	Year	Borrower	Purpose	Amount, less cancellati. (US\$ Million)		
				Bank	IDA	Undisburs <sup>e</sup>
Four Loans* and twelve Credits fully disbursed				13.5	58.1	
336-SE	1972	Senegal	Housing Site and Services		8.0	2.0
866-SE	1972	OPTS	Telecommunications	6.2		0.5
987-SE	1974	SOFISEDIT	Development Finance	3.0		0.2
530-SE	1975	Senegal	Education II		15.0	4.0
1113-SE	1975	Senegal	Agric. Diversifi- cation	7.0		4.2
578-SE	1975	Senegal	Terres Neuves II		2.0	0.0 <sup>1/</sup>
1221T-SE	1976	Senegal	Feeder Roads	6.6		0.6
1222-SE	1976	Senegal	Third Highway	15.0		3.1
633-SE	1976	Senegal	Livestock		4.2	2.1
647-SE	1976	Senegal	Second Sedhiou		6.3	2.6
1332-SE	1976	SOFISEDIT	Second Development Finance	4.2		1.3
1405T-SE	1977	Senegal	Port of Dakar	6.0		1.0
1412T-SE	1977	Senegal	Petite Cote Tourism	8.0		4.3
1413-SE	1977	Senegal	Petite Cote Tourism	5.6		3.1
764-SE	1978	Senegal	Para-Public Sector Tech. Asst.		6.3	2.7
775-SE	1978	Senegal	Irrigation		20.0	9.5
1518-SE	1978	RCFS	Railways III	11.0		5.0
1665-SE	1979	Senegal	Second Airport	7.0		4.4
S-23-SE	1979	Senegal	Water Supply Engr.		2.5	2.2
908-SE	1979	Senegal	Education III		22.0	20.2
991-SE	1980	Senegal	Small Rural Operations		11.0	10.2
993-SE	1980	Senegal	Fourth Highway		28.0	28.0
1810-SE	1980	Senegal	Fourth Highway	10.0		10.0
S-26-SE	1980	Senegal	Power Eng and T.A.		3.3	3.2
1931-SE	1980	Senegal	Structural Adjustment <sup>2/</sup>	30.0	--	30.0
Total				133.1	186.7	154.4
of which has been repaid				8.2	0.7	
Total now outstanding				124.9	186.0	
Amount sold				3.4		
of which has been repaid				3.2		
				0.2		
Total now held by Bank and IDA <sup>3/</sup>				124.7	186.0	
Total Undisbursed				67.7	86.7	154.4

\* A loan of US\$3.5 million for agricultural credit (584-SE) made in 1969 was cancelled on March 25, 1971.

<sup>1/</sup> A balance of \$1,610.29 remains undisbursed.

<sup>2/</sup> There is also a credit of SDR 22.9 million (US\$30.0 million) under this project.

<sup>3/</sup> Prior to exchange adjustments.

B. SDR Denominated IDA Credits (as of January 31, 1981)

<u>Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount less cancellation</u> <u>(SDR million)</u>	
					<u>Undisbursed</u>
1061-SE	1980	Senegal	Technical Assistance	4.1	4.1
1084-SE	1981	Senegal	Structural Adjustment *	22.9	22.9
	<b>Total</b>			<u>27.0</u>	<u>27.0</u>
	of which has been repaid			-	-
	<b>Total now outstanding</b>			<u>27.0</u>	<u>27.0</u>
	Amount sold			-	
	of which has been repaid			-	
	<b>Total now held</b>			27.0	27.0
	<b>Total undisbursed</b>				<u>27.0</u>

\* There is also a Loan of US\$30.0 million under this project.

C. Statement of IFC Investments (as of January 31, 1981)

<u>Fiscal</u>	<u>Obligor</u>	<u>Type of Business</u>	<u>Amount (US\$ Million)</u>		
			<u>Loan</u>	<u>Equity Investment</u>	<u>Total</u>
1967	Societe Industrielle d'Engrais au Senegal	Fertilizer Plant	2.45	1.01	3.46
1972)	BUD Senegal				
1973)	S.A.	Vegetable Export	-	0.84	0.84
1976)					
1974	SOFISEDIT	Development Finance Company	-	0.24	0.24
1980	Banque de l'Habitat du Senegal S.A.	Money and Capital Market	-	0.47	0.47
1980	Societe Hoteliere du Barachois, S.A.	Tourism	<u>3.00</u>	-	<u>3.00</u>
	<b>Total Gross Commitments</b>		5.45	2.56	8.01
	Less Cancellations, Terminations, repayment and sales		2.45	1.05	3.50
	<b>Total Commitments now held by IFC</b>		<u>3.00</u>	<u>1.51</u>	<u>4.51</u>
	<b>Undisbursed Balance</b>		<u>3.00</u>	<u>0.00</u>	<u>3.00</u>

D. Projects in Execution <sup>1/</sup>

Cr. 336        Sites and Services Project; US\$8.0 Million Credit of September 29, 1972; Effective August 31, 1973; Closing Date: June 30, 1981.

Project implementation started slowly, but is now proceeding satisfactorily following agreements reached with the Government in October 1978 to improve performance. The main problem affecting the project has been plot consolidation and occupancy, but this is showing improvement with the assistance of a loan scheme by the project agency (OHLM) and the Senegalese national development bank (BNDS), which is now fully operational. Site development has also been hindered by the absence of on-site employment opportunities other than construction-related activities; a unit in OHLM is currently examining this problem and preparing proposals.

Ln. 866        Telecommunications Project; US\$6.3 million Loan of December 19, 1972; Effective June 5, 1973; Closing Date: June 30, 1981.

The project was designed to improve the quality of telecommunications service in Dakar and in parts of northern Senegal. Completion of project implementation took about five years longer than originally scheduled mainly because of delays in procurement, resulting cost overruns, and changes in top management. The physical works are now completed. The Borrower has made significant efforts over the past two years to improve its management, as well as its accounting and financial organization. This, together with the audits and financial advisors financed under the Parapublic Sector Technical Assistance Project (Cr. 764), is expected to result in substantial institutional improvements.

Ln. 987        SOFISEDIT Project; US\$3.0 Million Loan of May 24, 1974; Effective November 22, 1974; Closing Date: December 31, 1980. <sup>2/</sup>

SOFISEDIT was created in March 1974 for the purpose of providing long-term financing for developing enterprises in industry and tourism. A Project Completion Report will be circulated shortly.

Cr. 530        Second Education Project; US\$15.0 Million Credit of February 19, 1975; Effective April 22, 1975; Closing Date: December 31, 1982.

Project implementation remains about two years behind schedule because of earlier delays in design and contract awards. These delays,

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<sup>1/</sup> These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular, to report any problems which are being encountered and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

<sup>2/</sup> The last withdrawal application is expected any day.



together with a 10% decline in the value of the US Dollar, resulted in a cost overrun of about US\$6 million. To help compensate for these increased costs, the Government requested, and the Association has formally agreed, to reduce the scope of the project by reducing the number of science centers from 11 to 8, the number of rural youth training centers from 30 to 15, and by deleting from the project the construction and equipment for the Hotel School and seeking another source of external financing for this component. The Industrial Training and Upgrading Center has started training courses in all trades. Construction and equipping of the Merchant Marine School have been completed. Construction of 7 of the science centers and lower secondary schools was satisfactorily completed at end of 1979. The last center was finished early in 1981. Procurement of furniture and equipment is completed. The rural youth training component is experiencing implementation difficulties; but modified educational objectives and a revised implementation schedule have been agreed with the Government.

Cr. 549            Sine Saloum Agricultural Development; US\$7.0 Million Credit and  
Ln 1113            US\$7.0 Million Loan of May 22, 1975; Effective October 31, 1975  
Closing Date: June 30, 1983

The objective of the project is to improve productivity of small farms through intensification of farmers' agricultural practices, particularly through increased use of fertilizer and heavy equipment. However, results over the first four years of the project show that yield increases have been negligible. It was therefore decided, in agreement with the Government and the co-financer CCCE, to re-appraise the project in an attempt to find new workable solutions to the existing problems. A joint re-appraisal was carried out in November 1979, and a draft Amendment to the Credit Agreement was re-negotiated with Government in May 1980 and signed on August 14, 1980, when the closing date was extended to June 30, 1983.

Cr. 578            Terres Neuves II Resettlement and Eastern Senegal Technical  
Assistance Project; US\$2.0 Million Credit of August 6, 1975;  
Effective November 14, 1975; Closing Date: December 31, 1980. 1/

The project, which is a follow-up to an earlier re-settlement operation, consists of settling 600 families over a three-year period in the Eastern Senegal Region, and providing the necessary infrastructure; and preparing a master plan for agricultural development of the region. The project has been completed satisfactorily, although about one year behind schedule, and a Completion Report is being prepared.

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1/ The last withdrawal application is expected any day.

Ln. 1221-T      Feeder Roads Project; US\$6.6 Million Loan of March 31, 1976;  
Effective June 15, 1976; Closing Date: June 30, 1981

The project consists of improvement of about 1,000 km of feeder roads and maintenance of about 250 km of existing roads; purchase of high-way equipment and spare parts, and materials and supplies for project operations; technical assistance for project implementation and monitoring; construction of HQ building for the Bureau des Pistes de Production. The project had been experiencing serious delays caused by insufficient financial, managerial, and logistic support; but on the recommendation of and in agreement with the Bank, the Government undertook a series of measures to accelerate works, and progress has improved considerably. Works executed so far are of satisfactory technical quality.

Ln. 1222      Third Highway Project; US\$15.0 Million Loan of March 31, 1976;  
Effective June 5, 1976; Closing Date: June 30, 1981

The project consists of pavement strengthening of about 200 km of primary roads, equipment procurement, and consulting services for preinvestment studies, highway maintenance, and development of the domestic construction industry. The project is proceeding satisfactorily and on schedule. The pavement strengthening program has been completed. The road maintenance program begun under the Second Highway Project, and extended under this project, is continued under the Fourth Highway Project to strengthen the maintenance organization and operations. As a result of currency realignments and a civil works execution period that was shorter than planned, an amount of about US\$2.5 million became available under the loan; the Bank has agreed to the Government's proposals to use these funds to cover the foreign cost of extending technical assistance for road maintenance, improving workshops and training center buildings, and procuring workshop and training equipment.

Cr. 633      Eastern Senegal Livestock Project; US\$4.2 Million Credit of  
June 17, 1976; Effective June 29, 1977; Closing Date:  
June 30, 1982

The project is designed to assist about 30,000 pastoralists in Eastern Senegal through improved grazing and herd management practices, development of stock watering facilities and firebreaks, improved animal health services, livestock credit, and a functional literacy program. Parallel financing is being provided by the Kuwait Fund and BADEA. Project implementation is progressing satisfactorily and on schedule. Livestock producers appear to be giving full support to the project.

Cr. 647      Second Sedhiou Project; US\$6.3 Million Credit of June 25, 1976;  
Effective November 23, 1976; Closing Date: June 30, 1981

The project aims at increasing and diversifying agricultural and livestock production through improved farming and husbandry practices. Project implementation has been going reasonably well until the past season when production was severely affected by the failure of ONCAD (the national

cooperative and marketing agency) to supply fertilizers as needed. In addition, the project's overall efficiency is hampered by administrative problems similar to those being encountered in the Sine Saloum Project (Loan 549/Credit 1113) discussed above. The project has achieved its objectives in total area cultivated and number of participants; however, findings of the Monitoring and Evaluation Unit show that participating farms had no significant yield increases (except for rice) over those farms outside the project, and that the area cultivated per participant is smaller than expected. Work on the agricultural development plan for the Casamance Region by the project's Planning Unit is now completed, and further detailed studies are underway.

Ln. 1332      Second SOFISEDIT Project; US\$4.2 Million Loan of October 14, 1976; Effective April 21, 1977; Closing Date: June 30, 1982

In addition to providing SOFISEDIT with a second line of credit for industrial and tourism investments, the Loan has helped finance a pilot scheme of assistance to small-scale Senegalese artisans through SONEPI, the local industrial promotion agency. The Loan is fully committed.

Ln. 1405-T      Dakar Fishing Port Project; US\$6.0 Million Loan of June 7, 1977; Effective March 20, 1978; Closing Date: December 31, 1981

Following a slow start caused mainly by time-consuming Government procedures, project implementation is now satisfactory. Civil works have been completed. The quality of contractors' workmanship is good, and the new quays have been put into use. All the technical assistance services and studies are progressing satisfactorily and the container study financed by the project has been adequately completed. Overall performance of the Port Authority remains satisfactory, but there are continuing problems with receivables, statistics, and recruitment and retention of qualified staff.

Ln. 1412-T      Petite Cote Tourism Project; US\$8.0 Million and US\$5.6 Million  
Ln.-1413      Loans of June 7, 1977 as amended on May 12, 1980; Effective  
January 23, 1981; Closing Date: June 30, 1985

The project includes construction of infrastructure and common facilities for hotel development on the Petite Cote, a major tourist area where lack of infrastructure has so far limited such development; a program of works for renovation of Goree Island; and technical assistance and studies to improve planning and promotion in the tourism sector and a line of credit for long-term financing for hotel construction at the site. Construction of infrastructure works at the Sali project area have been satisfactorily completed and areas designated for hotel construction are ready for delivery. The common recreation center and commercial areas are under construction. The first hotel (Palm Beach) was opened on December 24, 1980. Bidding documents for renovation works at Goree are under preparation.

Ln. 1518      Third Railway Project; US\$11.0 Million Loan of March 17, 1978; Effective August 17, 1978; Closing Date: December 31, 1981

The project consists of track rehabilitation and maintenance, supply of material and equipment, improvement of telecommunications facilities and track in the Dakar area, supply of spare parts for motive

power and rolling stock, strengthening of training programs and facilities, and studies. Track repair work between Dakar and Thies proceeded satisfactorily for about 12 months, but the quality of ballast procured by the Regie was found to be poor. Neither the Regie nor the Government has been able to provide the local funds needed for better quality ballast in FY81, and so the track repair work has been halted to be resumed after 8 months when funds in the next financial year become available. Practically the entire order of locomotive spare parts has been received. The locomotive rehabilitation work has commenced. The training program is progressing satisfactorily. Consultants have completed two phases of the study of the optimum structure and ownership of the Senegal Railway (together with the connecting Mali Railway). Railway traffic in the fiscal year ending June 30, 1980 was the same as that of the previous year and did not register the improvement expected, following the delivery of two new high-power locomotives, as well as critical spare parts for the locomotive rehabilitation program, due to an unexpected set back, caused by the loss of a new locomotive in a serious accident. The entire project is likely to take one year more than expected. There is likely to be a local-cost overrun of \$2 million and no overrun in the foreign cost.

Cr. 764            Para-Public Sector Technical Assistance Project; US\$6.3 Million Credit of March 17, 1978; Effective June 6, 1978; Closing Date: December 31, 1982

The project consists of a three-year program to help improve the efficiency of Government organizations charged with strategic analysis, operational supervision, and formal financial control over the para-public sector; and upgrading the auditing, financial management, and accounting procedures for the sector as a whole and for a number of the most important public enterprises and mixed companies. Consulting services and technical assistance are in place, and work is progressing satisfactorily. Overall guidance and direction by Project Management had not been very effective, but Government has recently taken some very positive measures to remedy this situation. Training programs for government administrators have been progressing well and several intensive and specialized courses were organized in 1980 with more planned for 1981. The audits of State enterprises have been satisfactorily completed and follow-up of audit recommendations by the agencies has been good.

Cr. 775            Debi-Lampsar Irrigation Project; US\$20.0 Million Credit of March 17, 1978; Effective June 30, 1978; Closing Date: June 30, 1983

The project provides for development of 2,220 ha through full water control irrigation in the Senegal River Delta, and construction of related facilities; technical assistance to the project authority SAED; consulting services for applied research and studies for future development of the River Valley. Works on the Lampsar perimeter are now completed. Work on the Debi perimeter (financed by the Kuwait Fund under a parallel financing arrangement) has started.

Ln. 1665      Second Aviation Project; US\$7.0 Million Loan of April 18, 1979; Effective November 15, 1979; Closing Date: December 31, 1982

The project consists of strengthening and levelling the main runway and taxiway and improving the taxiway alignment at Dakar airport, and installation of navigation and visual approach aids at regional airports at Ziguinchor and Cap Skirring. Work at Dakar airport was satisfactorily completed by the end of 1980. Equipment procurement is completed and contracts for civil works at Ziguinchor have been satisfactorily awarded.

Cr. S-23      Water Supply Engineering and Technical Assistance Project; US\$2.5 Million Credit of May 23, 1979; Effective August 10, 1979; Closing Date: December 31, 1981

The project provides for economic, financial, and technical studies to prepare a priority investment project for rehabilitation and extension of water supply systems in eleven secondary centers, including six regional capitals; and technical assistance to strengthen the planning and operating entities in the sector. Consultants have been selected in agreement with the Association, and work was started in the fall of 1980.

Cr. 908      Third Education Project; US\$22.0 Million Credit of May 23, 1979; Effective August 16, 1979; Closing Date: December 31, 1984

The project is designed to increase the supply of high- and middle-level technicians and managers required for the modern agricultural and industrial sectors; improve and expand secondary technical and vocational education; and improve the quality of primary education and establish a solid base for its future expansion, especially in rural areas. Physical implementation is progressing satisfactorily. Civil works contracts for the major components have been awarded and construction has already started on two sites and is expected to begin shortly on the others. Bidding and contract award procedures for equipment, valued at about US\$2.0 million, for two secondary technical schools, the Vocational Training and Upgrading Center, and the Technical Teacher Training College are underway. Implementation of the educational research and planning component has been delayed by about six months following a Government review of the proposed Educational Research Institute.

Cr. 991      Small Rural Operations Project; US\$11.0 million Credit of April 2, 1980; Effective September 10, 1980; Closing Date: December 31, 1984

The project focusses on channelling funds and technical services to small groups of rural people who will undertake to provide labor, and some funds, for the development of several types of directly productive activities, namely: development of small perimeters for irrigated cultivation of rice, vegetables, and bananas; beekeeping; and fishing. The project also includes village water supplies, an allocation for additional directly productive activities to be identified and prepared during implementation, and provision for a management structure.

Cr. 993            Fourth Highway Project; US\$10.0 Million Loan and US\$28.0 million  
Ln. 1810            Credit of April 2, 1980; Effective December 9, 1980; Closing Date:  
June 30, 1984.

The major objective of the project is to increase Government's capacity to keep the road system in adequate condition, in particular, to train technicians and selected staff, to improve road work planning and programming capacity and to rehabilitate and upgrade important road sections. The project consists of the following components: (a) a three-year training program for road maintenance staff; (b) a two-and-a-half year technical assistance program for road maintenance execution; (c) upgrading of the Government's soils laboratory to strengthen its participation in road maintenance activities; (d) design of proper and systematic pavement maintenance and strengthening programs; (e) strengthening and rehabilitation of about 200 km of primary paved roads; and (f) construction of the Louga-Dahra road (about 85 km) to two-lane, paved standards.

Cr. S-26-SE       Power Engineering and Technical Assistance Project; US\$3.3 million  
Credit of June 18, 1980; Effective August 29, 1980; Closing Date:  
June 30, 1984.

The major objective of the project is to assist Government in developing an overall energy plan and reorganizing the power sector. The project also includes financial and tariff studies, and feasibility studies for a headquarters building for the new power entity and for the expansion of the generating facilities. The project is well underway.

Cr. 1061            Technical Assistance Project for Economic and Financial Planning;  
US\$5.3 million Credit of October 27, 1980; Effective; January 9, 1981  
Closing Date: June 30, 1984

The project is aimed at supporting and strengthening the Government's ability to identify, select and prepare, monitor execution of, and evaluate retrospectively its portfolio of development projects. It also aims at strengthening the public debt monitoring, budgeting and forecasting capacity and improving coordination between project needs and public financing.

Ln. 1931-SE       Structural Adjustment Loan and Development Credit: US\$30 million  
Cr. 1084-SE       Loan and US\$30 million Credit of January 26, 1981; Not yet effec-  
tive; Closing Date: December 31, 1981

Loan/Credit proceeds would be made available to the Senegalese Government during the first part of its medium-term economic stabilization and rehabilitation program. Counterpart funds would be used principally in the agriculture sector for reorganization of the rural development agencies. About US\$1.0 million equivalent would be used for consultant studies.

E. IFC INVESTMENTS

SIES - 114-SE - Fertilizers

The Company started producing in 1968 and is operating near full capacity. Most of its production is sold domestically. IFC's loan was entirely repaid in FY78. Overall performance has been satisfactory in FYs 77 and 78. A merger of the Company with Industries Chimiques du Senegal (ICS), a project to build facilities to make phosphoric acid and intermediate fertilizers, and a related IFC loan financing of some US\$25 million are currently under consideration.

BHS - 500 SE - Housing Finance

BHS, the first specialized housing finance institution established in Senegal, is intended to contribute to increasing domestic savings mobilization by improving the forms and terms of domestic savings and the channelling of these savings into longer-term uses. It will focus on the financing of housing for lower-middle income groups. It is expected to ensure a regular flow of funds for construction and mortgage financing and will fill a gap in the Senegalese financial system. The bank started operations on March 17, 1980 and results to date are encouraging.

Societe Hoteliere du Barachois, S.A. - 516 SE - Hotel

This project consists of the construction and operation of a 280 room hotel in the center of Dakar. Construction is well underway and no major difficulties have been encountered. Project completion is still expected by March 1982. IFC has not disbursed its US\$3.0 million loan commitment as the Company is completing the formalities related to the conditions of disbursement.

SUPPLEMENTARY PROJECT DATA SHEET

Section I - Timetable of Key Events:

- (a) First Bank/IDA Mission to consider the project: December 1979.
- (b) Agencies which prepared the project: SOFISEDIT, SONEPI and Bank staff
- (c) Date of departure of appraisal mission: April 1980
- (d) Date of completion of negotiations: March 1981
- (e) Planned date of effectiveness: July 1981

Section II - Special Project Implementation Action:

None

Section III - Special Conditions

Assurances were obtained at negotiations that:

- (a) The Government would:
  - (i) bear the foreign exchange risk on the Bank's loan for a 0.5 percent fee to be passed on to sub-borrowers by SOFISEDIT (para. 50);
  - (ii) honor its guarantee on SOFISEDIT's sub-projects currently in arrears (para. 41); and
  - (iii) review in consultation with the Association the conclusions and recommendations of the industrial policy studies and implement such recommendations in consultation with the Association (para. 54).
- (b) SOFISEDIT would:
  - (i) not maintain more than 35 percent of its portfolio outstanding in enterprises in the fisheries sector (para. 40);
  - (ii) apply a minimum spread of 3 percent above the cost of borrowed funds or market rates, whichever is higher (para. 50);
  - (iii) submit by December 31, 1981, a training program for its staff to the Association for approval (para. 52); and
  - (iv) not make withdrawals from the Credit generally until the SOFISEDIT Financing Agreement with the Government is signed on terms and conditions satisfactory to the Association, and specifically, with respect to equity investments, until each such investment receives the approval of the Association (para. 51 and 56).



(c) SONEPI would:

not make withdrawals from the Credit generally until the SONEPI Financing Agreement with the Government is signed on terms and conditions satisfactory to the Association, and specifically, with respect to expenditures relating to budget support and consultants, until the results of the performance audit receive the approval of the Association (para. 53 and 56).