

Senegal: Poverty Reduction Strategy Paper

Poverty Reduction Strategy Papers are prepared by member countries in broad consultation with stakeholders and development partners, including the staffs of the World Bank and the IMF. Updated with annual progress reports, they describe the countries macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document for Senegal is being made available on the IMF website by agreement of the member country as a service to users of the IMF website.

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Republic of Senegal
One People – One Goal – One Faith

NSESD 2013–2017

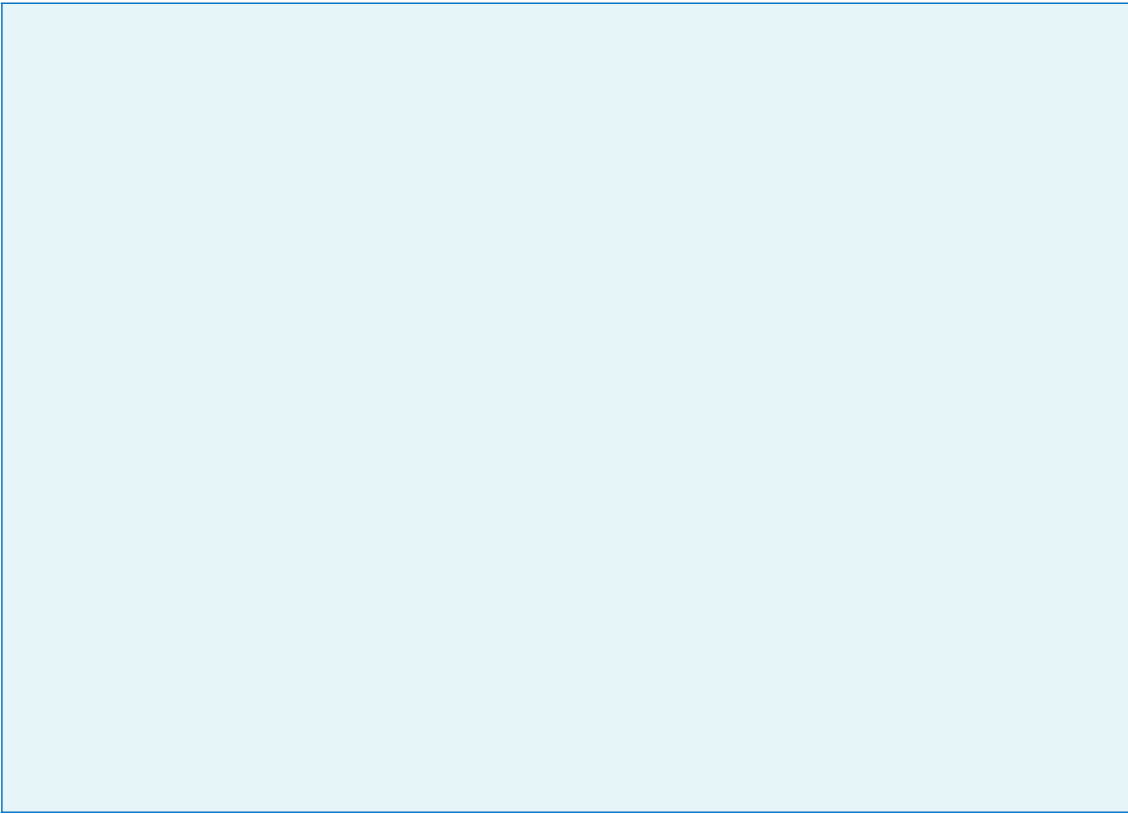
**National Strategy
for Economic and Social Development**

On the way to an emerging economy

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and place Senegal in a context of sustainable development. This national strategy intended to be realistic and innovative, will serve as a framework for all development actors. It is in line with a long term vision and calls for an optimum implementation of public policies at the central and local levels, to facilitate the achievement of MDG and lay the foundations for emergence



component of those attending private schools are still concentrated in the region of Dakar.
The regions of Louga, Matam and

populations' access to an improved sanitation system. The rate of access to sanitation in the

39. The implementation of free health care and safety nets programmes helped improve the access of vulnerable groups to basic social services. However, difficulties are still being experienced in the implementation of certain programmes for the caring of vulnerable persons. These difficulties relate to the targeting of beneficiaries, inadequate mobilized resources, malfunctioning of the information systems and the co



communities have no capacity building plan; poor synergy between local development actors; non harmonized schedules, planning cycles and partners' interventions; poor

and a sub sector for the local promotion of national agriculture, explains the persistence of poverty in the rural areas and in the outskirts of cities where labour is restricted to survival activities which characterize the informal sector. In general, the low overall productivity of the Senegalese economy with its resulting low rate of savings is due to the low agricultural productivity¹³

65. For its part, the energy sub sector continues to weigh on the performance of all components of the national economy. This sub sector is marked, among others, by the low volume of supply and the poor quality of electricity service in the urban and rural areas; recurrent power cuts which impede the performance of economic activities; lack of information and sensitization on the rational use of energy and technical failures of public and private operators. This situation is attributable to the quasi exclusive dependence on oil imports and the non existence of adequate mechanisms to cushion exogenous shocks. The poor refining capacity, the desuetude of the logistics at the Dakar port, the obsolescence of the production and transport infrastructure as well as the delay in restructuring SENELEC and the operational recovery of ASER, in addition to the slowness in setting up the regulatory framework for the development of renewable energy are not conducive to an energy efficient policy for the diversification of energy sources.

66. The transport sub sector is still confronted with the narrowness of the unevenly distributed road network, insufficient urban public transport offer and the run down state of the vehicle fleet and rail (in particular, the Dakar Bamako railway) and port infrastructure, among others. The limited access to the rural areas which is a constraint to the development of potentialities of these areas and the overloading, impede the enhancement of mobility and road security.

does not foster their expansion.

72. The financing system¹⁵ has substantially grown in size during the 2000-2011 period from 22.5% to 39.8%. Besides, the extensive campaign to promote the use of banking services and non cash means of payment led to an increase in the rate of access to banking services from 6.2%, in 2009, to close to 19%¹⁶, at the end of 2010. Domestic credit rose from 1122 billion, in 2006, to 2122 billion CFAF, in 2011, with a prominent share representing credit to the economy.
73. Moreover, the financial system is marked by a high concentration of credit allocated by banks to major companies. With regard to the breakdown per business segment in percentage of the total loans between 2006 and 2010, services, transportation and communications increased from 30% to 34.5% while industry represents 28.9% and 21%. The third activity sector comprising wholesale and retail trade recorded 18.9% in 2006 and 2010.
74. Besides, it is worth noting that the domestic credit granted to the private sector in percentage of GDP slightly exceeds the average for low income African countries: it rose from 23% in 2006 to 29% in 2011. However, there is need to strengthen in order to overcome difficulties of businesses to access financing. SMEs and SMIs have difficulty to access financing because of the high amount of bank guarantees required which can go up to 150% of the value of credit requested, depending on the sector. Moreover, they turn to costly alternative solutions like self financing and supplier credit or to Decentralized Financing Systems (DFS), with low financing capacities and refinancing difficulties. Resorting to the sub regional financial market is still very marginal because of the lack of promotion of stock market culture. The diversification and adaptation of products as well as the reform of required guarantees still constitute challenges for the expansion.

Box 2: Typology of entrepreneurship models

Relying on entrepreneurship to create jobs is, above all, distinguishing the different profiles of entrepreneurship, which are three in number. The first, called « Business to Government – B2G », concerns business activities linking private businesses to State services. Companies with this profile generally depend on public procurement. The second type, « Business to Consumer – B2C », refers to business transactions concerning individuals or final consumers. The last model referred to as « Business to Business – B2B », characterizes exchanges between businesses.

83. Because of its weakness and profile, the national private sector recruits at an insufficient pace to absorb the national employment demand. Its concentration on the B2G model undermines the job creation potential because public treasury difficulties lead to the lethargy of the private sector. Besides, the traditional public service cannot be a source of massive job creation. With the promotion of ICT within the public administration and the concern to rationalize public spending, the massive recruitments or the systematic replacement of each

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Chapter II : Strategy for Economic and Social Development 2013-2017

2.1. Challenges

85. The economic and social policy was prepared in a difficult context, with a demographic transition which is putting a lot of strain on the labour market, health and education structures, urbanization, on the one hand, and a relatively low and erratic economic growth, on the other. The NSESD should provide relevant responses to replace the Senegalese economy on a higher and more sustainable growth path. It entails implementing reforms likely to trigger a resurgence of productivity essential for development and thus lay the foundations of a new model of economic growth.

2.1.1. Public policy efficiency

86. The preparation of appropriate public policies highlights the major role of sectoral planning units and is a precondition to the implementation of the NSESD. From the standpoint of efficiency and efficacy, adjustments should be made in the following areas: the quality of information systems such as the national statistical system, the selection of steering instruments, evaluation of public policy implementation mechanisms, strengthening capacities to analyze public policy and finally, evaluation of the impacts of the economic and social policy.

87. It will also involve maintaining a healthy macroeconomic framework in line with the new growth model and preparing relevant sectoral policies, underpinned by structural reforms. These reforms primarily concern the incentive systems in favour of effort and work, rational risk taking the enterprise and profit, in exchange for rent and interest. Thus, the national economy, both the real sector and the financial sector, shall strive, through regulation and market incentives, to upgrade the populations' living standard and address the challenges of demographic transition.

88. The monetary policy shall contribute to the creation of an efficient financial infrastructure, while taking guarantee measures that promote risk taking in particular, by banks.

89. The organization and strategic and operational planning will complete these incentive schemes. All the organizations participating directly or indirectly in wealth creation and the improvement of the efficiency of collective action, should be concerned by the new incentive scheme. There is need to guarantee market efficiency, maintain competition and provide the backing of public resources to strengthen private sector competitiveness.

2.1.2. Viability of the macroeconomic framework

90. The State will ensure the stability of the macroeconomic framework by containing public deficit, reducing external imbalance with a view to significantly improving the living conditions of the populations.

91. In this regard, output growth should be built on a more solid foundation, through a revenue distribution policy which first promotes productive work, rewards private initiative and overcomes some forms of disparities, notably regional and gender related. Resource distribution should be directed towards activities with the maximum added value and creating the greatest number of jobs. This calls for an effective targeting of interventions to

SME/SMI and the support of the industrial sector and other market service activities. Besides,

118. In terms of GDP use, final consumption should improve slightly with an average of 5% during the 2013-2017 period. In real terms, it is expected to increase a bit slower than GDP (about 6.7%) while the Gross Fixed Capital Formation (GFCF) could register an average growth rate of 9.5% attributable to the efforts to improve the GFCF public investment content and the new initiatives to boost private investment. Private GFCF is expected to increase by an average of 5.7%. As a result, the investment rate measured by the GFCF could reach about 26% of GDP during the NSESD implementation period, notably with the continuation of works relative to the developmental infrastructure programmes for the densification of the economic fabric.
119. With regard to the net external demand, the exports of goods and services will register an average increase of 7.5% in real terms, while the importation of goods rose to 6.3% in real

- iv **.promoting good digital governance** by improving the functioning of the administration with on line services, preparing a National Geomatics Plan (PNG) and expanding and consolidating regulation and observatory missions;
- v. **promoting good audiovisual governance** by adopting a new Press Code, adapted legislative and regulatory texts and instruments, upgrading the national radio broadcasting system to meet international standards and promoting educational, cultural, economic and medical c

diversification of food products, economic and physical accessibility and the use of food products. Thus, the food security policy is linked to the modernization of agriculture and fits into a rural development process, which includes an important component consisting in the promotion of irrigation. The improvement of productivity in agriculture needs to be stimulated periodically through public investments in rural infrastructure, agricultural research and extension, irrigation and price incentives, so as to directly contribute to economic growth, the reduction of poverty and the improvement of the business environment, in the rural areas. Besides, do proper nutrition and health result from good health practices and adequate care, as well as the diversified consumption of healthy foods?

147. With the formulation of the Strategic and Incentive Framework to accelerate the implementation of MDG, the action plan linked to the initiatives on food security and nutrition will help accelerate the MDG achievement process by 2015. This framework will better guide the implementation of NSESD, by removing the bottlenecks in the productivity of the primary sector and the nutritional constraints. The Strategy includes the regional dimension of food security and the transborder cereal trade in order to better channel their quantity and the contribution of neighbouring countries in case of food crisis, through an effective coordination of interventions.

148. Besides, the importation of rice, despite the appropriate provisions reflected in the amount of irrigable land and high yields, is paradoxical. The rest depends on rain fed agriculture with low productivity, rural infrastructure that needs to be strengthened, food stuffs marketing circuits that need to be improved, a rural economy that requires new technological gains and a monitoring and early warning system more effective in the detection and prevention of risks that hover over production and both the domestic and foreign markets. With a view to eradicating extreme poverty and hunger, interventions can be focussed on the quest for self sufficiency in rice, and in foodstuffs. In the contributory sectors, emphasis will be placed on the improvement of production, the operation of foodstuffs markets and food aid quality management.

149. The following objectives are pursued during the implementation of the strategy:

- i. **strengthen the food crises prevention and management system**, through enhanced food security, strengthening the early warning system and the agricultural market information system, including the use of the Improved Harmonized Framework.
- ii. **improve access to healthy and nutritious food** by promoting food diversity and strengthening resilience among the vulnerable segments.

2.3.1.6. Industry and agri-food processing

150. The agri food industry should actively participate in growth acceleration, because of the country's immense agricultural potential and its real and proven capacities in terms of diversification of processed products of agricultural, fishery and animal origin. Moreover, the textile and car industries are integrated into the targeted industrial deployment process.

151. Industrial early F u1 r— c e follenine i
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developmental public infrastructure that facilitate access to tourist sites, thanks to improved road networks, bus stations and ports and efforts to bring airports up to standard. This largely untapped multisectoral dynamics makes it necessary to rethink the development of tourism, following a global demand, with a cluster approach and within the framework of an efficient public private partnership, involving local communities.

156. In view of the poor perception of the economic impact of the sub sector, the global objective of tourism is to improve its visibility and the attractiveness of the destination, Senegal, with a view to stepping up its contribution to economic and social development.

157. To that end, the sub sector has a strategic objective consisting in **promoting an enhanced structuring and improving the tourism product quality**, by diversifying the tourist offer through regional potentials and multisectoral initiatives for sustainable community development, the design and development of the Pointe Sarène, Mbodiène, Joal Finio, Grande Côte, Saloum Islands sites, the construction of developmental infrastructure and leisure facilities in tourist sites, the promotion of a communication and marketing system, the creation of conditions that are conducive to private investment and the regulation of the tourist offer.

2.3.1.8.2. Handicrafts

158. To ensure that handicrafts provide substantial income to actors, the policies are structured around the following strategic objective : modernize handicrafts and make its products competitive, by strengthening the productive base and the inputs and craftsmen's equipment supply system, facilitating access to the funding of handicraft projects, repositioning handicrafts on the production niches with high added value and developing a « brand » strategy, controlling and consolidating the distribution circuits and strengthening craftsmen's capacities, including professionalization.

2.3.1.8.3. Culture

159. The diagnosis shows that this sub sector is confronted with lack of visibility of the cultural activity, the informal nature of the activity, the deterioration of cultural production, the non existence of a coordination structure, inadequate allocated means and administrative delays in the mobilization of resources. The global purpose of the policy to be implemented is to amplify the promotion of the expression of cultural diversity for the enhanced readability of the economic and social development.

[REDACTED]



and the supervision of human resources. Likewise, the enhancement of skills in a growing economy necessitates the setting up of adapted and high performance vocational training centres and the development of strategies to address imbalances in spatial distribution and tackle gender issues.

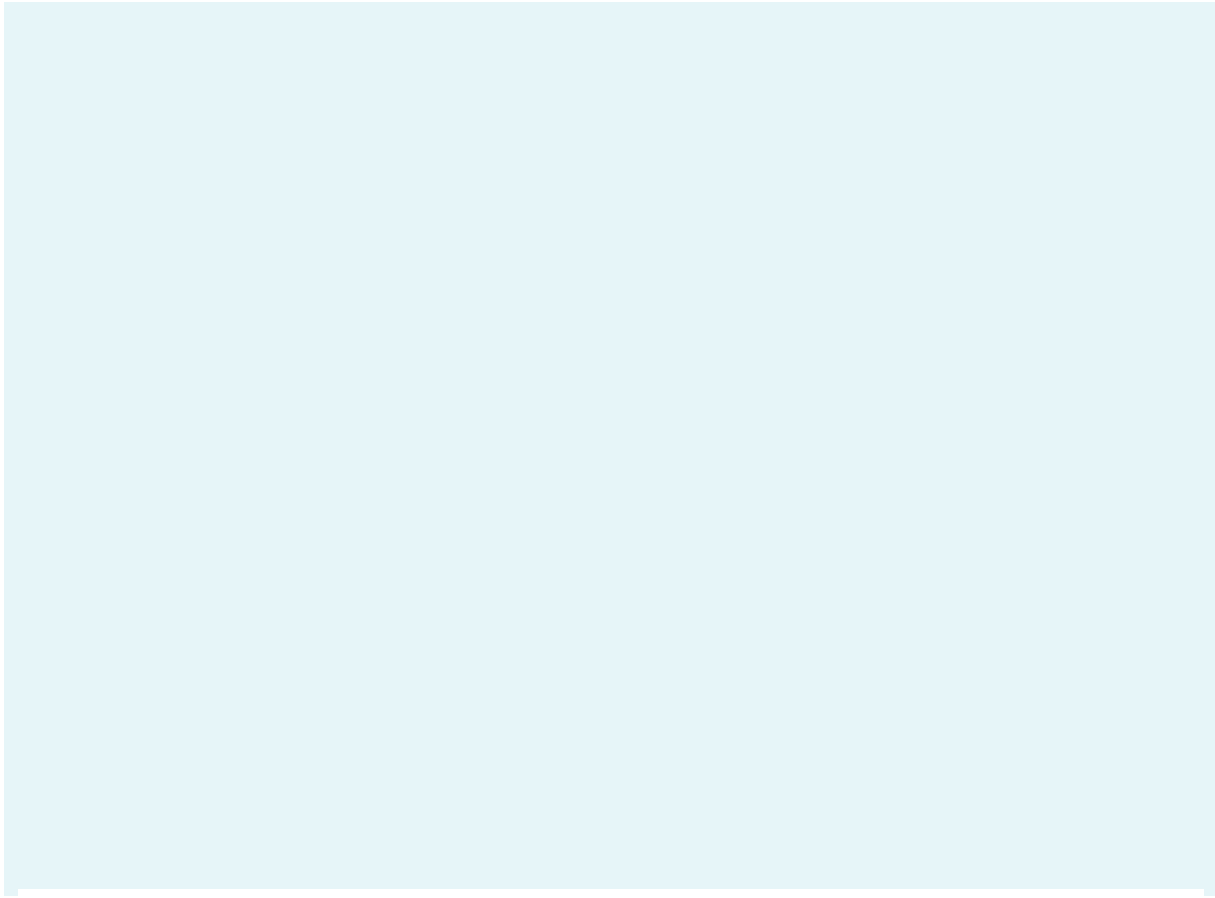
177. In this respect, the following strategic objectives have b

- i. **Improve the supply and quality of health services** by developing a community approach to promoting healthcare, increasing evacuation means, constructing and rehabilitating health facilities, strengthening garrison medical centres, recruiting skilled health workers equitably stationed throughout the country and promoting generic drugs.
- ii. **Enhance performances in the area of disease prevention and control** through prevention of HIV transmission and other communicable diseases, increased access to anti retroviral drugs for people living with HIV, strengthening capacities of staff to diagnose and properly monitor TB cases and prevention and management of chronic illnesses.
- iii. **Improve maternal and child health** by promoting deliveries in accredited health facilities and particularly skilled attendance at delivery, improving access to healthcare for women in rural areas, providing neonatal care, promoting family planning and improving immunization coverage for children.
- iv. **Improve the nutritional status of mothers and children** by promoting dietary diversity, increasing the proportion of children that have access to nutrition programmes and promoting efforts to meet the nutritional needs of vulnerable groups (children under 5 years, pregnant women and nursing mothers).
- v.

to be included in the budget to attain the target by the set timeframe.

pillar, with respectively 54.4% and 73.2%. This relatively high level is due to the high unit costs of energy and transport infrastructure.

231. **The pessimistic scenario** anticipates an extreme case of weakened economic vitality that could lead the economy to a slowdown in GDP resulting in a growth of about 3.2%. This scenario is based on the principal assumptions of a difficult external environment (gloomy activity and rise in oil prices and food products) and, internally, on the revival of the energy sector that is slower than expected and a delayed settlement of the Malian crisis. In such a scenario, the trend scenario expenditure would drop by 554 billion CFAF (Consolidated Investment Budget and Operating Budget), unless partners take over some projects with a direct impact on the MDG indicators. In this respect, primacy will be given to priority actions alone and the expected public deficit would be 4.2% (annual ave



and, on the other hand, the climate risks which make agriculture very vulnerable.

247. The key



2009 2010 2011 2012 2013 2014 2015 2016 2017

Sub-

Sub-sectors/areas	Financing methods	2013	2014	2015	2016	2017	Total
Environment	GAP	3 438	10 007	10 641	9 756	10 475	44 317
	NSESD AMOUNT	12 644	19 935	19 656	3 700	3 700	59 635
	OBTAINED	11 404	16 335	16 131	200	200	44 270
	STATE	4 896	6 465	6 709	200	200	18 470
	TFP	6 508	9 870	9 422	-	-	25 800
Habitat and Living environment	GAP	1 240	3 600	3 525	3 500	3 500	15 365
	NSESD AMOUNT	59 273	116 650	106 031	48 537	23 237	353 727
	OBTAINED	25 101	36 363	45 845	13 937	6 437	127 682
	STATE	22 101	20 163	19 345	3 808	3 808	69 225
	TFP	3 000	16 200	26 500	10 129	2 629	58 457
Population and sustainable human development	GAP	34 172	80 287	60 186	34 600	16 800	226 045
	NSESD AMOUNT	125	350	450	450	300	1 675
	OBTAINED	-	-	-	-	-	-
	STATE	-	-	-	-	-	-
	TFP	-	-	-	-	-	-
Social protection	GAP	125	350	450	450	300	1 675
	NSESD AMOUNT	35 023	49 078	49 378	26 900	23 798	184 176
	OBTAINED	28 373	33 566	30 466	9 529	5 927	107 861
	STATE	16 033	16 671	16 039	5 432	4 913	59 087
	TFP	12 340	16 895	14 427	4 098	1 015	48 674
Risks and Disasters	GAP	6 650	15 512	18 912	17 371	17 871	76 315
	NSESD AMOUNT	5 522	12 054	11 586	12 457	12 057	53 676
	OBTAINED	5 342	9 754	9 236	9 857	9 857	44 046
	STATE	5 342	9 754	9 236	9 857	9 857	44 046
	TFP	-	-	-	-	-	-
Health Nutrition	GAP	180	2 300	2 350	2 600	2 200	9 630
	NSESD AMOUNT	63 499	76 181	51 010	48 742	48 567	287 999
	OBTAINED	51 049	61 631	31 142	13 292	5 167	162 281
	STATE	23 922	24 673	7 229	1 992	1 917	59 733

Sub-sectors/areas	Method of Financing t	2013	2014	2015	2016	2017	Total
	GAP	650	825	1 100	1 100	1 100	4 775
Peace and security	NSESD AMOUNT	43 891	36 879	31 656	31 436	30 395	174 257
	OBTAINED	43 591	35 554	30 306	29 961	29 220	168 632
	STATE	32 010	21 764	17 214	24 211	23 470	118 669
	TFP	11 581	13 790	13 092	5 750	5 750	49 963
	GAP	300	1 325	1 350	1 475	1 175	5 625

Annex 4: Methodology for prioritization of NSESD actions.

1st prioritization phase Grading the actions

To determine NSESD priorities, the actions of strategic objectives are subjected to an evaluation grid comprising dichotomic variations which ask whether the action has a

direct impact on:

Criterion 1 : economic growth;

Criterion 2 : Improving the business climate.

Criterion 3 : improving public financial management

Criterion 4 : job creation

Criterion 5 : reduction of inequalities

Criterion 6 : local development ;

Criterion 7 : significant improvement of the population's living conditions

Criterion 8 : good sectoral governance

Every time an action meets a given criterion, the modality of the concerned variable takes value 1.

The reverse corresponds to 0. Each criterion is weighted according to the table below:

Criteria	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8
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Annex 5: Matrix of measures, 2013-2017.

NB: Top priority actions are in bold characters. Average priority actions are in normal characters. Minor priority actions are in italics.

The strategic objectives begin with verbs in the infinitive. They contain the lines of action or measures. The sub-sectors or fields are underlined in yellow.

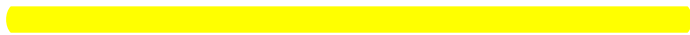
Code	AREA 1: Growth, productivity and wealth creation
SS-1	Agriculture
OS-1	Improve the steering system of the agricultural sub sector
LA-1	<i>Adoption of a new land reform taking into account the rural registry and the equitable access of actors to land ownership</i>
LA-2	<i>Preparation and implementation of an agricultural statistics master plan//schéma directeur des statistiques agricoles</i>
LA-3	Establishment of a harmonized gender sensitive monitoring evaluation system
LA-4	Strengthening the intervention capacities of support structures
LA-5	Strengthening dialogue between the State, professional organizations and other actors (NGO, Local Governments, etc.)
OS-2	Increase production and improve agricultural productivity
LA-6	Improve risk and disaster management to reduce the vulnerability of agricultural activities
LA-7	Support to the marketing of agricultural and market gardening products
LA-8	<i>Support and development of agricultural research</i>
LA-9	Development of production support infrastructure (roads, feeder roads, stores , electrification. etc.

Code

AREA 1: Growth, productivity and wealth creation

LA-59

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Code	AREA 1: Growth, productivity and wealth creation
OS-25	Strengthen the competitiveness of industries
LA-124	<i>Improving service offer to investors</i>
LA-125	Supporting the upgrading of industries
LA-126	Supporting SMI's access to financing
LA-127	<i>Setting up a technological watch system</i>
LA-128	<i>Strengthening standardisation and the culture of performance</i>
LA-129	<i>Strengthening SMI capacities on industrial property</i>
SS-11	Financial Infrastructure and Services

OS-26

Code	AREA1: Growth, productivity and wealth creation
LA-159	Strengthening des capacités des acteurs et du pilotage du sub sector
SS-13	Energy Infrastructure and services
OS-31	Improving the management framework of the energy sub-sector
LA-160	

Code



Code	AREA 2: Human capital, social protection and sustainable development
LA-250	Construction and rehabilitation of boreholes and storage and water supply structures in the rural and periurban areas by making use of military engineering
LA-251	Generalizing access (in particular, subsidized connections and improving safe drinking water supply in the urban areas
OS-50	Develop sanitation in the urban and rural areas
LA-252	

Code

Code

AREA 2: Human capital, social protection and sustainable development

LA-382

