



OFFICIAL USE ONLY

CG2008-0003

June 26, 2008

FROM: Vice President and Corporate Secretary

**Senegal  
Sixth Consultative Group Meeting  
Paris, October 3-4, 2007**

**Report of Proceedings**

Attached is the Report of the Proceedings of the Sixth Consultative Group Meeting for Senegal, held in Paris, France, on October 3 and 4, 2007. This report may be obtained from the following websites: <http://www.worldbank.org/senegal> and <http://www.banquemonddiale.org/senegal>.

**Distribution:**

**Executive Directors for:**

Austria	Luxembourg
Belgium	Malaysia
Brazil	the Netherlands
Canada	Norway
China	Portugal
Denmark	Saudi Arabia
Finland	Senegal
France	Spain
Germany	Sweden
India	Switzerland
Italy	United Arab Emirates
Japan	United Kingdom
Korea	United States of America
Kuwait	

**For Information:**

World Bank, Paris Office  
World Bank, Senegal  
World Bank, Tokyo Office  
IFC, Senegal Office  
IMF, Senegal Office

Executive Director for Senegal, IMF  
 African Development Bank (AfDB)  
 Arab Bank for Economic Development in Africa (BADEA)  
 Arab Fund for Economic and Social Development (AFESD)  
 Belgium Development Cooperation  
 Canadian International Development Agency (CIDA)  
 Central Bank of West African States (BCEAO)  
 Department for International Development (DFID, United Kingdom)  
 Economic Community of West African States (ECOWAS)  
 Embassy of Austria in Senegal  
 Embassy of Belgium in Senegal  
 Embassy of Canada in Senegal  
 Embassies of China in France and in Senegal  
 Embassy of Denmark in Senegal  
 Embassy of Finland in Senegal  
 Embassy of France in Senegal  
 Embassy of Germany in Senegal  
 Embassy of India in Senegal  
 Embassy of Italy in Senegal  
 Embassies of Japan in France and in Senegal  
 Embassy of Korea in Senegal  
 Embassy of Malaysia in Senegal  
 Embassy of the Netherlands in Senegal  
 Embassies of Portugal in France and in Senegal  
 Embassy of Saudi Arabia in Senegal  
 Embassies of Spain in France and in Senegal  
 Embassy of Sweden in Senegal  
 Embassy of Switzerland in Senegal  
 Embassy of the United Kingdom in Senegal  
 Embassy of the United States in Senegal  
 European Commission (EC)  
 European Investment Bank (EIB)  
 Food and Agricultural Organization of the United Nations (FAO)  
 French Development Agency (AFD)  
 German Agency for Technical Cooperation (GTZ)  
 International Development Research Centre (IDRC)  
 International Finance Corporation (IFC)  
 International Fund for Agricultural Development (IFAD)  
 International Labour Organisation (ILO)  
 International Monetary Fund (IMF)  
 Islamic Development Bank (IsDB)  
 Italian Development Cooperation  
 Japan Bank for International Cooperation (JBIC)  
 Japan International Cooperation Agency (JICA)  
 Kreditanstalt für Wiederaufbau (KfW)  
 Kuwait Fund for Arab Economic Development (KFAED)  
 Luxembourg Development Cooperation  
 Ministry of Cooperation and Francophonie (France)  
 Ministry of Economy, Finance and Employment (France)

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.



#### **Opening Statement by the European Commission (EC)**

10. In his statement (*Annex II.3*), Mr. Manuel Lopez Blanco, Acting Director for West and Central Africa, and Head of the EC Delegation, thanked the Republic of Senegal and the World Bank for providing the opportunity to discuss the country's development agenda. He noted Senegal's unquestionable assets that will allow the country to achieve its development goals: being rich in human resources, respecting democracy and human rights, and maintaining stability in a sub-region threatened by many political and military conflicts. While commending the Government on its active role in conflict resolution in Africa and in the Darfur crisis, Mr. Lopez Blanco encouraged the Government to work toward a successful conclusion to the peace process in Casamance, in the interests of regional stability and economic growth.

11. Mr. Lopez Blanco then focused his statement on finding ways to improve the effectiveness of the fight against poverty. First, he stated that the Poverty Reduction Strategy Paper (PRSP) that includes the Accelerated Growth Strategy (AGS) should reflect the whole policy of the Government and not only a list of projects that reflect a partial view of the government's actions. He added that the whole view explains the choice of budget support by the EC as a main instrument to disseminate aid under the 10<sup>th</sup> European Development Fund (2008-13). He pointed out the necessity of strengthening the dialogue through annual reviews of the PRSP (or similar exercises) to take stock of (i) measures adopted, (ii) outcomes achieved through trends in indicators, and (iii) the effectiveness of mobilized resources.

12. Mr. Lopez Blanco cited stability of the macroeconomic framework and sound public finance management as key elements for shifting toward budgetary assistance. For that, he commended the Government for its program approved by IMF management and for the first PEFA (Public Expenditure and Financial Accountability) assessment that revealed weaknesses to be corrected. He also noted the importance of pursuing the decentralization process and fostering actions for the development of the Casamance region. To conclude, Mr. Lopez Blanco noted that the issues of trade, EPAs (Economic Partnership Agreements), and migration are very important to relations between Senegal and the European Union.

#### **Opening Statement by the United Nations Development Programme (UNDP)**

13. Mr. Bouri Sanhouidi, UNDP's Resident Representative and Coordinator of the UN System in Senegal, and Head of UNDP's Delegation, started his statement (*Annex II.4*) by presenting a supporting message from Mr. Kemal Dervis, UNDP's Administrator, and by expressing the regrets of Mr. Gilbert Houngbo, UN Assistant Secretary-General and Regional Director for Africa, for being unable to participate in the CG meeting. He recognized the preparatory work done by the Government of Senegal and the opportunity to discuss the country's development policy. He also commended Senegal and its development partners for their attendance, which demonstrated the spirit of dynamic cooperation between Senegal and the international community, and the strong willingness to assist national actors in achieving the Millennium Development Goals (MDGs) and the poverty reduction agenda (PRSP-II).

14. Mr. Sanhouidi indicated that the orientations defined by the Government take into account the economic and social context and favor accelerated and better shared growth, investment in the social sectors, and reduction of gender disparities – all challenges that must be addressed. However, implementation of the program needs to reinforce



governance with the National Good Governance Program, which aims to promote human rights, consolidate reform of the State, and modernize the public administration. He added that to reach this objective, more attention needs to be given to building capacities and valorizing skills, and to promoting the business environment, technology and market access.

15. He gave assurance that the United Nations Development Assistance Framework (UNDAF) is well linked to the PRSP-II. In reference to the New York G8 summit relative to the MDGs, he invited the Government and the development partners to harmonize procedures and reduce transaction costs and delays, improve absorption capacities, reinforce predictability of aid, and consolidate coordination among partners.

16. In conclusion, Mr. Sanhouidi reiterated UNDP's availability to work with the Government and the development partners to create a new partnership based on trust and mutual commitment, as started with the preparation of the CG meeting.

#### **Opening Statement by the World Bank**

17. In his opening statement (*Annex II.5*), Mr. Madani M. Tall, World Bank Country Director for Senegal, and co-chairman of the CG meeting, welcomed the delegations to the World Bank's office in Paris. He indicated that the meeting was an opportunity to discuss the key issues that may affect the development agenda of Senegal. For the Government, the meeting was an opportunity to clarify its development policy and how to implement it; and for the development partners, it served as a reminder on how to maximize their support.

18. Mr. Tall then focused his statement on the progress made by Senegal and the challenges that the country will face in the next few years. He indicated that Senegal realized (i) a 6 percent decrease in the incidence of household poverty between 2001 and 2005, (ii) a significant improvement in the primary school enrollment rate, with parity between boys and girls; (iii) an expansion of the vaccination program (primarily for children) to more than 80 percent of the country; and (iv) a decrease in malnutrition for children under 15 years of age, from 21 percent to 14 percent in 8 years. At the same time, particular attention is being given to the problem of the street kids.

19. He noted that rapid progress has also been made in the (i) transformation of Dakar through new construction; (ii) development of new communications' technologies; (iii) improvement in business environment, where the time to register an enterprise now only takes 48 hours; (iv) horticultural sector; and (v) establishment of call centers. Many other developments also suggest that the private sector is poised to become the driver of economic growth.

20. He raised the most critical challenges remaining for Senegal, specifically: (i) in the employment sector, where half the workers in Dakar alone earn less than minimum wage and where having a job does not mean an escape from poverty; (ii) in urban areas, tackling the problem of traffic congestion in Dakar and constructing highways (such as under the Dakar-Diamniadio project) to connect the capital to the rest of the country in order to better balance economic activity and populations on a country-wide level; (iii) in the energy sector, which is characterized by regular disruptions of the electricity supply and high costs and where grants to cover electric and oil company losses have curbed economic growth; and (iv) in governance, anti-corruption, management of public funds and major projects.



21. Mr. Tall affirmed that the PRSP-II/AGS framework is sound and stated that its success, including Senegal's transition to an emerging economy, will depend on the government's commitment to carry it out in partnership with all stakeholders. And while stating that development financing is mainly the responsibility of government, he said that the World Bank will provide technical and financial support for 2007-10, as defined in the World Bank's Country Assistance Strategy for that period.

22. In closing, Mr. Tall reiterated his expectations that the two-day meeting would lead to a mutual commitment between the Government and the donor community.

#### **Opening Statement by the Head of the Senegalese Delegation**

23. His Excellency Cheikh Hadjibou Soumaré, Prime Minister, began his statement (*Annex II.6*) by thanking the French authorities for their warm welcome and the other development partners for their participation. He recalled the financial commitments made by partners at the fifth CG meeting held in 2003, and presented the amounts that were mobilized during the period 2003-2005 – through donor support, HIPC, MDRI, and domestic resources. Mr. Soumaré focused his speech on: (i) the results achieved by his country and the challenges that it may face in the next few years; (ii) the policy that the Government intends to implement; and (iii) the costing and financing gap of the strategy.

24. Presenting the results achieved by his country, the Prime Minister indicated that the poverty incidence of households living under the poverty line decreased from 48.5 percent in 2002 to 42.6 percent in 2005. The economy grew by 5 percent on average per year and the investment rate reached 21 percent of GDP. For him, a GDP growth rate at 7 or 8 percent per year is needed to half the poverty rate by 2015. Also, growth has to be better shared, particularly in favor of the poorest areas and the more vulnerable groups.

25. Mr. Soumaré indicated that his Government expects to reduce poverty to less than 30 percent by 2015 and to eradicate extreme poverty. He said that the long-term vision of the strategy, as defined by President Abdoulaye Wade, is based on the reinforcement of social, economic and human capital. He added that the strategy will focus on improving the business environment to make it more attractive and competitive, and on the development of PPP-financed (Public-Private Partnerships) infrastructures in transport, roads and electricity. The Prime Minister indicated that the soundness of the macroeconomic framework with protection from exogenous shocks will be critical for the strategy. Competition will be higher with the implementation of the new procurement code in January 2008. With regard to fiscal policy, Mr. Soumaré stated that budget execution will be reinforced with increased decentralization and reinforced external control by the *Cour des Comptes*.

26. On the subject of the financing gap, the Prime Minister presented the additional needs to fully finance the investment plan as follows: \$390 million for 2007, \$896 million for 2008, \$1083 million for 2009, and \$1432 million for 2010, totaling \$3.8 billion in the period 2007-2010. He added that the Republic of Senegal will contribute 35 percent on average and asked for support from development partners to close the total financing gap. He presented the institutional framework for monitoring and evaluating the Poverty Reduction Strategy, with the intention to promote a high level of dialogue with the development partners, civil society and the private sector.

27. Mr. Soumaré elaborated on many areas to be addressed in the context of achieving the goals of the government's strategy. These include, inter alia, job and wealth creation, timely mobilization of adequate public and private financing, importance



of private investment, reorganizing the macroeconomic framework, lessening administrative procedures, strengthening public-private partnerships, building infrastructure, resolving energy issues, adopting frameworks for public procurement, pursuing budgetary and financial reforms, and fostering transparent resource management.

28. In closing, the Prime Minister conveyed President Wade's gratitude to those in attendance, invited the development partners to support the Priority Investment Program, and expressed confidence in the donor community's willingness to accompany Senegal toward progress.

#### **Session 1: Assessment of the Implementation of the First Poverty Reduction Strategy (PRSP-I, 2003-2005)**

##### **Presentation by the Government of Senegal**

29. His Excellency Abdoulaye Diop, Minister of State, Minister of Economy and Finance, and Co-Chairman of the CG meeting, presented the progress and results achieved under the implementation of the first PRSP, following the four pillars identified therein. He indicated that the results achieved under Pillar 1 relative to "wealth creation" are on average positive. The GDP grew by 5.5 percent on average per year, and the number of households living under the poverty line decreased from 48.5 percent in 2002 to 42.6 percent in 2005. The results also showed that the incidence of poverty is higher in rural areas with larger households and with those headed by less-skilled people (in terms of education level).

30. Under Pillar 2 ("capacity building and provision of basic services"), significant progress was achieved in education, health and nutrition, and water and sanitation. In the education sector, the primary school enrollment rate increased from 72 percent in 2002 to 82 percent in 2006, and the share of students attaining the fifth year at primary school grew from 36 percent in 2000 to 45 percent in 2006. The parity between girls and boys was observed in the primary enrollment rate. In the health sector, the primary consultation rate rose from 33 percent in 2002 to 52 percent in 2005, and the vaccination coverage rate grew from 56 percent in 2001 to 80 percent in 2005. However, in 2005 the mortality rate remained high, with 121 per thousand for infant mortality and 401 per thousand for maternal mortality. Access to clean water also improved in the period.

31. Progress achieved under Pillar 3 ("improving living conditions of vulnerable groups") was less than expected, and the Government intends to give more attention to protecting the vulnerable groups. Concerning Pillar 4 ("monitoring and evaluation"), Mr. Diop indicated that two progress reports for the 2003 and 2004 exercises were prepared in a participatory manner.

##### **Intervention by Germany**

32. The intervention was led by Ms. Bettina Horstmann, Desk Officer for Senegal, Guinea and Liberia in Germany's Ministry for Economic Cooperation and Development. Speaking on behalf the whole donor community, Ms. Horstmann congratulated the Government for the progress achieved under the implementation of the PRSP-I. She noted that efforts are needed to better target the vulnerable groups, particularly in the rural areas. She affirmed that decentralization is a good instrument to reach the rural areas where people are the poorest.



33. Ms. Horstmann called on the Government to take into account the lessons learned under the PRSP-I's implementation. She argued that the dialogue between the Government and the donor partners needs to be reinforced and the institutional framework of the PRSP strengthened to better lead the process.

#### **General discussion**

34. After the intervention of the German Delegation, the discussion was opened to the participants, with Ms. Horstmann serving as moderator. The exchanges focused on some key issues, such as linking the strategy to the budget; improving budget preparation and execution with extension of the Medium-Term Expenditure Framework (MTEF) to other line ministries; better targeting vulnerable groups, particularly for the Casamance region; integrating gender policy into the strategy; reinforcing transparency and competition; and improving the business environment.

#### **Session 2: Presentation of the Second Poverty Reduction Strategy Paper (PRSP-II, 2006-2010) and the Accelerated Growth strategy (AGS)**

##### **Presentation by the Government of Senegal**

35. In this session, two presentations were made by the Government on the Second Poverty Reduction Strategy Paper (PRSP-II, 2006-2010) and the Accelerated Growth Strategy (AGS).

36. The first presentation was related to the PRSP-II and was made by Mr. Thierno Seydou Niane, Coordinator of the Poverty Reduction unit, Ministry of Economy and Finance. Before focusing on the implementation, monitoring and evaluation of PRSP-II, Mr. Niane presented lessons from the PRSP-I's implementation, its vision and its strategy.

37. He indicated that the PRSP is recognized as a complete strategic document and includes all the sectoral strategies, such as the AGS, the PDEF (*Programme Décennal de l'Education et de la Formation*) for the education sector and the PNDS (*Programme National de Développement Sanitaire*) for the health sector, while aiming to assure the coordination of the government's global action. In order to better link the PRSP to the budget process, the Priority Action Plan (PAP) is updated every year before the arbitration step of the budget preparation process, and specific attention is given to its coverage by the Consolidated Investment Budget. The PAP's updating process is also linked to the following: (i) MTEF for line ministries, (ii) other sectoral plans, and (iii) regional development plans. He added that the MTEF, which is a results-based framework, is used as the bridge to link the PAP to the list of indicators used to monitor and evaluate progress achieved under the PRSP's implementation.

38. After Mr. Niane's presentation, Ms. Aminata Niane, Director of APIX (*Agence nationale chargée de la Promotion de l'Investissement et des Grands Travaux*) presented the Accelerated Growth Strategy. Beginning with a three-minute video that identified some simple questions asked by populations and giving answers for some of them, Ms. Niane continued by reminding participants of the AGS's rationale and rapidly reviewed its key pillars: getting the business environment up to international standards and promoting the five identified clusters of agro-business, tourism, technology/information/communications (TIC), fisheries, and textiles.

39. The Director of APIX then focused on the next steps and the key factors that may positively affect the implementation of the Accelerated Growth Strategy. Concerning the



next steps, she cited the adoption of the AGS orientation law before the end of 2007 and the design of the institutional framework for the implementation, monitoring and evaluation of the strategy. The factors of success included: (i) accelerating reforms in the business environment; (ii) putting in place a clear mechanism to finance infrastructures; (iii) strengthening government capacities; (iv) strengthening national private sector capacities; (v) putting in place a good monitoring and evaluation system; (vi) reinforcing the donor community's participation; (vii) following up closely on market evolutions and vulnerable sectors of the economy; and (viii) promoting investment projects with high social impact.

#### **Intervention by the United Nations (UN) System**

40. Mr. Ian Hopwood, Representative of the United Nations Children's Fund (UNICEF) for Senegal, speaking on behalf of the UN system, thanked the Government for the quality of the presentations. He also commended the authorities for having extended the field covered by the PRSP to take into account governance issues, gender concerns, problems of employment, and targeting of vulnerable groups.

41. Mr. Hopwood then presented some areas to be improved upon under implementation of the PRSP-II. He noted the limited decrease of poverty in rural areas; the necessity to reinforce the harmonization between the PRSP-II and the AGS; the need to highlight the link between the PRSP and the budget process; and the improvement and extension of the use of the MTEF on the budget preparation process, particularly for the social sectors where human capital may be affected. He also suggested that the Government strengthen the monitoring and evaluation system and reinforce monitoring capacities in both central and local areas. He reiterated the necessity to realize a joint progress review of the PRSP in order to better track progress and integrate the dialogue and the monitoring process.

#### **Intervention by France**

42. Mr. Serge Tomasi, Financial Counselor for West Africa (French Treasury), and Head of the French Delegation, focused his intervention on the Accelerated Growth Strategy. He started by thanking the Government for the quality of the presentations and noted with satisfaction the well-conceptualized AGS, the participatory process that led to the adopted action plan, and the organization of the Presidential Investment Council that permits dialogue at the highest level on business environment reforms.

43. Mr. Tomasi focused his intervention on how to translate the well-conceived strategy to concrete actions to make the AGS work and then reestablish its credibility vis-à-vis the private sector, the donor partners and the other actors. He reminded the meeting of the necessity to finalize and adopt the institutional framework for the implementation, monitoring and evaluation of the strategy. Also of importance is finding an anchor at the highest level to ensure good leadership and coordination for the strategy, particularly for implementing Pillar 1 that aims to place the country's business environment at the level of international standards. Mr. Tomasi added that in order to improve competitiveness and shift the economy to an export- and private-sector-driven one some challenging issues must be tackled, such as the macroeconomic framework, management of state-owned enterprises, energy supply, road infrastructure and urban mobility, governance and transparency. Finally, he raised the question of inflation, which rose over the WAEMU (West African Economic and Monetary Union) threshold in 2007, and its eventual impact on the country's competitiveness.



### General discussion

44. After the intervention by the Head of the French Delegation, the discussion was opened to the participants with Mr. Bouri Sanhouidi of UNDP serving as moderator. The discussion focused on how to improve the implementation, monitoring and evaluation of the PRSP-II, in order to reduce poverty and improve access to basic social services. Lessons learned from the PRSP-I's implementation were reviewed, such as linking the strategy to the budget; improving budget preparation and execution with extension of the MTEF to other line ministries; targeting vulnerable groups, particularly for the Casamance region; integrating gender policy into the strategy; reinforcing transparency and competition; and improving the business environment.

45. Related to the Accelerated Growth Strategy, the participants spoke on how to shift toward a pro-poor or better shared growth in order to ensure that no one is forgotten. This discussion led to the rationale for the choice of the clusters that used potential impact on employment as a criterion. Finally, strong consensus emerged on the quality of the strategy and the need to rapidly put in place the institutional framework for its implementation.

### Session 3: Recent Developments and Strategic Aspects

46. In this session, four presentations were made by Government related to the macroeconomic framework, energy sector, labor market, and large infrastructure works.

#### Presentations by the Government of Senegal

47. Mr. Sogu   Diarisso, Director of the *Direction de la Pr  vision et des   tudes Economiques (DPEE)* within the Ministry of Economy and Finance, made the first presentation on the macroeconomic framework. He started by presenting the assumptions of two scenarios: a baseline scenario and an optimistic scenario. The baseline scenario, which is in line with IMF projections, assumes a GDP growth rate at 5.5 percent on average per year, with a GDP deflator increasing by 2.5 percent on average per year in the period 2008-2012, and the fiscal deficit at 4.1 percent on average. The optimistic scenario assumes a GDP growth at 6.5 percent on average, one point higher than the baseline scenario. It assumes a good implementation of the PRSP and the AGS action plans, with an early solution on the energy sector and the *Industries Chimiques du S  n  gal* crisis.

48. His Excellency Samuel Sarr, Minister of Energy, gave the next presentation on the energy sector situation and the action plan that the Government intends to implement in the coming years to improve energy delivery. Presenting the difficulties that the sector is facing, Mr. Sarr indicated that Senegal is highly dependent on oil imports, particularly for electricity supply. For him, this situation makes the country so vulnerable to external shocks. He added that lack of investment led to the supply gap in the electricity sector and that the prices were not automatically adjusted to reflect the recent increase in oil prices.

49. Mr. Sarr then focused on the urgent measures taken by the Government to handle the crisis in the energy sector in order to ensure the delivery of electricity. These measures can be grouped in two categories: one for short-term measures and another for longer term measures. The first category of measures intended to tackle the financial difficulties that SENELEC (the national electricity company) was facing. These measures included an adjustment of the electricity tariff by 10 percent in 2005 and 15 percent in 2006, in order to reflect the surge in oil prices and reduction of subsidies from



Government. The short-term measures also included the transfer of \$130 million granted by the Government to SENELEC in 2007, in order to recapitalize the enterprise. The second category of measures is related to the investment plan that the Government intends to implement for strengthening the supply capacities and for closing the gap vis-à-vis the electricity demand.

50. The third presentation was related to the labor market and achieving growth and poverty reduction in Senegal. Mr. Aliou Faye, Director of the *Centre d'Etudes de Politiques pour le Développement* within the Ministry of Economy and Finance, began by recalling the employment context, which is marked by very high levels of underemployment and of youth unemployment, low productivity of workers, and misappropriated labor market legislation. He continued by explaining the role of the labor market in linking the two national strategies (PRS and AGS). He then focused on the agenda of reforms articulated on the following seven pillars: (i) promoting qualifications for employment through training; (ii) developing links with the Diaspora to improve quality; (iii) optimizing the allocation of workers between the private and public sectors; (iv) encouraging labor productivity through business development; (v) developing networks and access to information for all; (vi) relaxing labor regulations; and (vii) rationalizing and promoting employment programs.

51. After Mr. Faye, Ms. Aminata Niane, Director of APIX, made the last presentation of the session on the subject of large infrastructure works. She highlighted the imbalance between Dakar and the other regions, in terms of land covered and economic weight, saying that although Dakar represents 25 percent of the country's population, it hosts 80 percent of the economic activity within only 0.3 percent of the land. The large infrastructure works that the Government is implementing and intends to implement in the coming years include the Dakar-Diamniadio toll road, the Blaise Diagne airport, and the special economic zone. Ms. Niane then focused on the legal and institutional framework and recalled the recent modifications of the law, with the adoption of laws related to BOT (build, operate and transfer), procurement and the Infrastructure Council. In conclusion, Ms. Niane suggested the establishment of a fund to finance infrastructure.

#### **Intervention by the IMF**

52. Following the presentations made by the Government, Mr. Johannes Mueller, speaking again, focused his intervention on the macroeconomic framework and infrastructure works. Concerning the macroeconomic framework, he confirmed that the baseline scenario presented by the Government was consistent with the IMF analysis. He then stressed the importance of maintaining debt sustainability; which, according to the recent debt sustainability analysis made jointly with the Fund and the Bank, showed that the critical fiscal deficit threshold for keeping the public debt sustainable is 4.5 percent.

53. Talking about infrastructure works, Mr. Mueller thanked the Government for having shared with the Fund the information about the large infrastructure projects. He called upon the Government to pay more attention to the budgetary risks and contingent liabilities related to these works. He focused particularly on the possible fiscal impacts of the announced tax exoneration on the special economic zone.

#### **Intervention by the World Bank**

54. Mr. Jacques Morisset, Lead Economist and Country Economist for Senegal, articulated his intervention on labor market issues. He thanked the Government for conducting, in collaboration with the Bank, the important study on the labor market in



Senegal. He also commended the Government for the process put in place for preparing the study, adding that leadership is needed to implement the reform agenda highlighted in the study. He suggested the creation of a high-level task force pilot to carry out the reforms needed to create more and better jobs, particularly for youth, and thereby reduce poverty.

55. Mr. Morisset was followed by Mr. Michel Layec, Lead Energy Economist, who spoke on the energy sector. He thanked the Government for the increased quality of the dialogue between the Ministry of Energy and donor partners. He recalled the importance of private-financed investment (independent power producers, IPPs) for strengthening electrical supply capacity and the necessity to go toward an automatic adjustment of the electricity tariff. Mr. Layec ended by inviting the audience to a deeper discussion on Day 3, reserved exclusively for the energy sector.

#### **General discussion**

56. After the interventions of the IMF and the World Bank, a one-hour general discussion, moderated by Mr. Madani M. Tall, was opened to the other participants. They debated the relevance of a PSI, versus a PRGF, in the context of Senegal. Also discussed was the importance of a sound macroeconomic framework for preserving social expenditures, particularly for the vulnerable groups, and for responding to donors who disseminate aid through budget support.

57. Participants insisted on a rapid implementation of the agreed action plan for the energy crisis in order to reduce electricity disruptions and improve the business environment. The discussants insisted on the need to improve governance on infrastructure works with: (i) better preparation and execution of the works, including complete feasibility studies to evaluate risks and more competition on procurement issues; and (ii) better allocation and reduction of imbalances between Dakar and the other regions, particularly the Casamance region. Relating to the procurement framework, the effective application of the new procurement code in 2008 was called for.

#### **Conclusion of Day One**

58. Messrs. Abdoulaye Diop and Madani M. Tall thanked all participants for the interesting discussions within an open and friendly environment. Mr. Diop indicated that the Government would take into account all the pertinent suggestions. He then invited all participants to a cocktail reception offered that evening by the Senegalese authorities.

#### **Session 4: Instruments for Implementing the PRSP-II**

59. Day Two started with Session 4, which addressed the instruments for implementing the PRSP-II. During this session, presentations were made by Government related to the Paris Declaration agenda, the Memorandum of Understanding (MOU) for budget support (ACAB), the Statistical Master Plan, and the Master Plan of the *Direction Générale des Impôts et Domaines*.

#### **Presentations by the Government of Senegal**

60. His Excellency Abdoulaye Diop presented the Paris Declaration agenda for Senegal. He reiterated the necessity to improve aid effectiveness and reminded the meeting of the results of the 2006 survey on aid effectiveness. He pointed out the lack of control of aid flows; the lack of coordination of the capacity-building programs; the insufficient use of country systems; the high costs of transaction, linked to the high numbers of PIUs and of missions; and the unpredictability of donor support with an



inadequate part devoted to budget support. He added that the challenge for his country is to improve the levels of the ownership, harmonization, and management for results, which were rated moderate in the 2006 survey, and increase the level of alignment and mutual accountability, rated low in the 2006 survey.

61. To tackle these challenging issues, Mr. Diop indicated that the Government, in collaboration with donor partners, has drafted an action plan based on the 12 indicators of the Paris Declaration with a 2010 target year for each indicator. He informed the meeting that measures will be taken to finalize, adopt and implement the plan.

62. After speaking about the Paris Declaration agenda, Mr. Diop continued with the presentation on the MoU for budget support (*Arrangement Cadre des Appuis Budgétaires, ACAB*). He indicated that the ACAB is one instrument for implementing the Paris Declaration agenda. He rapidly presented the principle and added that the ACAB is based on three general conditions: a sound macroeconomic framework, a good implementation of the PRSP, and a good implementation of public finance management reforms. In conclusion, Mr. Diop insisted on the role of the common ACAB matrix and the flexibility needed for its implementation.

63. The presentation on the Statistical Master Plan was made by Mr. Babakar Fall, Director General of the *Agence nationale de la Statistique et de la Démographie*. Mr. Fall indicated that reinforcing the statistical system is necessary to better monitor and evaluate the development policy (PRSP and AGS) and for shifting toward management for results. He highlighted the weaknesses of the system, characterized by the lack of coordination, the supply-based approach and mismatched demand and supply, the long delay in producing the statistics, and lack of capacity in terms of equipment and human resources. He then presented the strategy articulated on four pillars: (i) strengthening the institutional framework; (ii) improving the quality of the statistics; (iii) improving diffusion and promoting the use of the statistics; and (iv) capacity building. He concluded with the cost of the strategy, which is estimated at \$104 million in the five-year period 2008-2013.

64. The session's last presentation was made by Mr. Amadou Ba, Director General of the *Direction Générale des Impôts et Domaines*. Mr. Ba recalled the context of tax revenue mobilization, characterized by: (i) a lack of tax revenue coverage (only 34 percent of the taxpayers make spontaneous tax declarations); (ii) an inadequate repartition of tax charges; (iii) complex tax management procedures; (iv) difficult access to land ownership; (v) lack of decentralization of the fiscal administration; (vi) and non-operational cadastre. Mr. Ba then presented the Master Plan with a budget estimated at \$61 million.

#### **Intervention by the European Commission (EC)**

65. In his intervention, Mr. Gilles Hervio, Head of the EC in Senegal, focused on the aid effectiveness agenda and the ACAB. He affirmed that the three conditions listed by the Minister of Finance (sound macroeconomic framework, good implementation of the PRSP, and good implementation of public finance management reforms) are required by the partners disseminating aid through budget support. He said that the part of budget support in the EC's portfolio in Senegal will reach 50 percent in the 10<sup>th</sup> European Development Fund (EDF). By taking this decision, the EC expects to promote the aid effectiveness agenda.



66. Coming back to the three conditions listed above, Mr. Hervio focused first on the macroeconomic framework. He took the opportunity offered by the meeting to congratulate the Government for having concluded a three-year program under the PSI with the IMF before calling for its good implementation.

67. Mr. Hervio highlighted the importance of organizing a joint annual review for the monitoring of the PRSP. He indicated that for good monitoring of the PRSP, the Government should more systematically prepare a progress report based on the agreed list of indicators. Speaking about the monitoring system, Mr. Hervio commended the Government for the preparation of the Statistical Master Plan, which aims to facilitate coordination of the production and harmonization of the methodologies.

68. Concerning the last key condition for budget support, Mr. Hervio thanked the Government for the elaboration of the PEFA report before suggesting that the momentum in public finance management reforms be maintained. He emphasized the necessity to create the required conditions for an effective application of the new procurement code in January 2008 and also the need to reinforce the external control of the budget by the *Cour des Comptes*.

69. In conclusion, Mr. Hervio recalled the necessity to institutionalize the dialogue at a high level between the Government and the other actors, with periodic discussions on the implementation of the PRSP and the progress achieved. He also suggested that the ACAB be signed before the end of 2007.

#### **General discussion**

70. After the intervention of the EC, a half-hour discussion was opened to the other participants. The participants insisted on reinforcing the dialogue; the pertinence of the three key conditions required for budget support; and the need to finalize, adopt and implement the action plan relative to the Paris Declaration with the required high leadership of Government.

#### **Session 5: Priorities and Needs for Financing the PRSP-II and the AGS**

##### **Presentation by the Government of Senegal**

71. Mr. Massar Wague, Director of the *Direction de la Coopération Economique et Financière (DCEF)*, presented the strategy's financing gap and explained the methodology used to estimate it. The global cost of the Priority Action Plan (PAP), which includes the cost of the AGS, is estimated at \$7.3 billion in the period 2007-2010, with \$3.4 billion for Pillar 1, \$2.3 billion for Pillar 2, \$0.5 billion for Pillar 3 and \$1.1 billion for Pillar 4. He added that the financing already available is estimated at \$3.5 billion, of which \$1.8 billion will come from the Government. In conclusion, Mr. Wague indicated that the financing gap was estimated at \$1.8 billion in the period 2007-2010.

##### **Intervention by USAID and France**

72. Mr. Kevin Mullaly, Director of the USAID for Senegal, articulated his intervention on the methodology used to estimate the financing gap. He insisted on the necessity to make consistent the macroeconomic framework and the methodology used to estimate the gap. Given that the external public debt became sustainable with the implementation of MDRI, the authorities were advised to pay attention to keeping it sustainable. Mr. Mullaly recalled the situation that occurred in 2006 and called on the Government to reduce the fiscal deficit and keep it under the threshold of sustainability.



73. Mr. Tomasi, Financial Counselor for West Africa (French Treasury), intervened for France by reinforcing the elements pointed out by USAID.

#### **Session 6: Announcement of Contributions**

74. After the financing gap presentation and discussion, Mr. Mohamed H'Midouche, African Development Bank's Resident Representative in Senegal, and moderator of the session, commented on the richness of the two-day meeting. He then asked the partners to announce their contributions toward the financing of Senegal's strategy, which they conveyed during a tour de table. The global contribution was estimated at \$3.9 billion, of which \$1.9 billion were ongoing commitments.

#### **Concluding Statement by the World Bank**

75. In his closing remarks (*Annex II.7*), Mr. Madani M. Tall gave a quick summary of the two-day discussions. He noted that it was the excellent presentations by Senegalese participants and the constructive tone of the exchanges that helped to advance the strategic dialogue. The presentations also demonstrated the government's determination to take concrete actions in the short- and medium-term to implement its vision.

76. On behalf of the World Bank and all the partners, Mr. Tall thanked the bilateral and multilateral institutions, as well as the specialized agencies, for their very active participation, which illustrated their commitment.

77. Mr. Tall focused on the key messages that emerged from the discussions and cited following points:

- some weaknesses noted in the steering, coordination, and monitoring of implementation of the first PRSP, including the lack of joint annual reviews;
- the need to incorporate the regional dimension and the importance of a dynamic agricultural sector, not only to support agribusiness, but also to generate income for rural populations;
- the need to encourage domestic and foreign private investment and, therefore, to establish a world-class business climate; and
- the need to incorporate the strategy into a sustainable and environmentally friendly development framework.

78. Mr. Tall pointed out the factors that are expected to facilitate a successful implementation of the strategic framework, including: (i) continued stability of the macroeconomic framework; (ii) adequate availability of energy in terms of quantity and quality; (iii) rapid start-up of interventions included under the Priority Action Plan; (iv) the importance of attention to the traditional sectors; (v) the need to ensure that the Accelerated Growth Strategy is dynamic and geared to the needs of the market; (vi) the need for effective strategic and operational leadership at the highest levels; (vii) the efforts still required in the financial sector, particularly for SMEs; (viii) the importance of matching the educational system to the requirements of the job market, and the need for effective vocational insertion; and (ix) an effort to communicate information and make it available.

79. In conclusion, Mr. Tall confirmed that the announced commitments totaled \$3.9 billion and hoped that the Consultative Group would lead to new and stronger collaboration for achieving tangible results for the Senegalese people.



### Concluding Statement by the Senegalese Delegation

80. In his concluding statement (*Annex II.8*), Prime Minister Hadjibou Soumaré thanked the partners for the fruitful discussions and expressed appreciation for their commitments, as well as gratitude for the spirit of the partnership that characterized the cooperation.

81. Mr. Soumaré then acknowledged his clear understanding of the concerns and respective messages coming from the CG meeting, attaching importance to the practical observations, criticisms, suggestions, and recommendations. He pointed out the following messages:

- the need to maintain a sound macroeconomic framework and good public finances;
- the need to strengthen the transparency in public resource management by ensuring, in particular, strict compliance with public procurement procedures;
- the need to improve the budget resource allocation process with a better targeting of the poorest and further enhancing consistency between the budget and the poverty reduction strategy;
- the timely implementation of all the reforms that will help create the optimal conditions for increased private investment in order to promote accelerated, robust, and sustainable growth that will create jobs, through budget reforms or the implementation of the AGS action plan;
- the setting up of an effective monitoring/evaluation mechanism and the establishment of an ongoing dialogue;
- the organization of periodic reviews in order to share, with all actors, information on implementation of the strategy, on which the CG's productive discussions led to an understanding of what must be done together;
- the establishment of structured and in-depth dialogue with partners on strategic issues, such as energy and the restructuring of enterprises like *Industries Chimiques du Sénégal* (ICS) or the national electricity company (SENELEC);
- the consideration of environmental issues;
- the continuation and strengthening of gender equality in all sectoral policies and strategies;
- the strengthening of decentralization and establishment of secondary poles in the regions, with a view to promoting a rebalancing policy for land use planning; and
- the acceleration of the process to rebuild as well as resume economic and social activities in Casamance to achieve lasting peace in this region.

82. His Excellency Soumaré assured everyone that all these recommendations will be included in a matrix that will be monitored regularly and shared with the partners.

83. In conclusion, he reiterated the government's commitment to engaging in vigorous mobilization efforts to face the challenge of a sound implementation of the strategy, and thus achieve the goals.



**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**AMENDED AGENDA OF THE MEETING**

**SENEGAL: TOWARD EMERGENCE IN 2015**

**DAY 1: WEDNESDAY, OCTOBER 3, 2007**

<b>8:15-9:00</b>	<b>WELCOME AND REGISTRATION OF PARTICIPANTS</b>
<b>9:00-10:00</b>	<b>OPENING CEREMONY</b> <ul style="list-style-type: none"> <li>• Welcome and Statement by the French Delegation</li> <li>• Statement by the International Monetary Fund</li> <li>• Statement by the European Commission</li> <li>• Statement by the United Nations Development Programme</li> <li>• Statement by the World Bank</li> <li>• Statement by the Senegalese Delegation</li> </ul>
<b>10:00-10:15</b>	<b>Coffee Break</b>
<b>10:15-11:00</b>	<b>SESSION 1: Assessment of the Implementation of the Poverty Reduction Strategy I (PRSP-I, 2003-2005)</b> <b>Moderator: Germany</b> <ul style="list-style-type: none"> <li>• Presentation by the Government of Senegal (15 min.)</li> </ul> <b>Comments by: Germany (10 min.)</b> <ul style="list-style-type: none"> <li>• General Discussion (20 min.)</li> </ul>
<b>11:00-12:30</b>	<b>SESSION 2: Presentation of the Poverty Reduction Strategy Paper II (PRSP-II, 2006-2010) and the Accelerated Growth Strategy (AGS)</b> <b>Moderator: UNDP</b> <ul style="list-style-type: none"> <li>• Presentation of PRSP-II (25 min.)</li> <li>• Presentation of AGS (15 min.)</li> </ul> <b>Comments by: UN System and France (10 min.)</b> <ul style="list-style-type: none"> <li>• General Discussion (40 min.)</li> </ul>
<b>12:45-14:30</b>	<b>Luncheon</b> hosted by the World Bank
<b>14:30-15:45</b>	<b>SESSION 3: Recent Developments and Strategic Aspects</b> <b>Moderator: World Bank</b> <ul style="list-style-type: none"> <li>• Presentation by the Government of Senegal (60 min.) <ul style="list-style-type: none"> <li>- Macroeconomic framework</li> <li>- Energy sector</li> <li>- Labor market in Senegal to achieve growth and poverty reduction</li> <li>- Large infrastructure works</li> </ul> </li> </ul> <b>Comments by: IMF and World Bank (15 min.)</b>
<b>15:45-16:00</b>	<b>Coffee Break</b>
<b>16:00-17:00</b>	<b>GENERAL DISCUSSION (60 min.)</b>
<b>17:00-17:15</b>	<b>CONCLUSION of Day 1</b> <ul style="list-style-type: none"> <li>• Government of Senegal (10 min.)</li> <li>• World Bank (5 min.)</li> </ul>
<b>18:00-20:00</b>	<b>RECEPTION</b> hosted by the Government of Senegal



**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

Paris, October 3-4, 2007

**AMENDED AGENDA OF THE MEETING**

<b><u>SENEGAL: TOWARD EMERGENCE IN 2015</u></b>	
<b><u>DAY 2: THURSDAY, OCTOBER 4, 2007</u></b>	
9:00-10:30	<b>SESSION 4: Instruments for Implementing the PRSP-II</b> <b>Moderator: European Commission</b> <ul style="list-style-type: none"> <li>• Presentation by the Government of Senegal <ul style="list-style-type: none"> <li>– Action Plan on implementing Paris Declaration Agenda (10 min.)</li> <li>– Arrangement framework for budget support (ACAB) (10 min.)</li> <li>– Common matrix of interventions (10 min.)</li> <li>– Statistical Master Plan (10 min.)</li> <li>– Master Plan of <i>Direction Générale des Impôts et Domaines</i> (DGID) (10 min.)</li> </ul> </li> </ul> <b>Comments by: European Commission</b> <ul style="list-style-type: none"> <li>• General Discussion (30 min.)</li> </ul>
10:30-10:45	<b>Coffee Break</b>
10:45-11:45	<b>SESSION 5: Priorities and Needs for Financing the PRSP-II and the AGS</b> <b>Moderator: France</b> <ul style="list-style-type: none"> <li>• Presentation by the Government of Senegal: Action Programs' Priorities (25 min.)</li> </ul> <b>Comments by: USAID and France</b> General Discussion (35 min.)
11:45-13:00	<b>DISCUSSIONS AND CORRIDOR CONSULTATIONS</b>
13:00-14:30	<b>Luncheon</b> hosted by the World Bank
14:30-15:30	<b>SESSION 6: Announcement of Contributions</b> <b>Moderator: African Development Bank</b> <ul style="list-style-type: none"> <li>• Tour de Table</li> </ul> <b>Comments by: Minister of State, Minister of Economy and Finance of Senegal</b>
15:30-16:00	<b>CLOSING CEREMONY/CONCLUDING STATEMENTS</b> <ul style="list-style-type: none"> <li>• World Bank</li> <li>• Government of Senegal</li> </ul>
16:00-17:00	<b>Coffee Break: PRESS CONFERENCE</b> by the World Bank and the Government of Senegal



**Annex II.1**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE FRENCH DELEGATION**

**Mr. Jean-Marc Chataigner**

**Cabinet Director**

**French Ministry in charge of Cooperation and Francophonie**

Mr. Prime Minister,  
Honorable Ministers,  
Honorable Ambassadors and representatives of the development partners,  
Representatives of civil society and the private sector:

1. I am very pleased to be here with you on the occasion of the opening of this Consultative Group Meeting. On behalf of Jean-Marie Bockel, Minister of State for Cooperation and Francophonie, who is currently on mission in central Africa, I would first like to welcome you all and, in particular, the Senegalese delegation, to France. Welcome to Paris, and I would like to thank the World Bank for hosting this meeting.
2. The theme of this meeting, "Senegal: Toward Emergence in 2015," clearly demonstrates the determination of the Republic of Senegal to procure resources for sustainable development, which is based on accelerated growth, thus leading to a significant improvement in the living conditions of the people.
3. Indeed, despite sustained growth in the early 2000s, the country's development is still falling short of expectations and is inadequate to reduce poverty in a sustainable manner. Moreover, growth slowed in 2006 and the deficits widened, in an unfavorable international context characterized in particular by the rise in oil prices, and more recently, by higher prices for many food products. This situation attests to the challenges and constraints that Senegal must face: the inadequate diversification of the economy, an agricultural sector that is extremely vulnerable to climatic vagaries, a trade balance with a structural deficit in a global environment of price increases – pressure on fishery resources – and a weak labor market, particularly for the youth, thus contributing to high emigration rates.
4. This finding, which is confirmed by the assessment of the results of the implementation of the 2003-2005 PRSP, led the Senegalese authorities to design an active and ambitious development policy that is outlined in the PRSP-II and in the Accelerated Growth Strategy. It seeks to reduce the vulnerability of the economy to exogenous shocks and accelerate development, through a diversification of growth sources, by promoting private investment, particularly in competitive clusters or niche markets that can create jobs, and in order to replace or supplement traditional sectors.
5. The Consultative Group is therefore particularly important. It must facilitate sharing of these guidelines, define priority action programs, identify the budgetary



resources programmed for their implementation and needs, in order to better define the assistance that donors will provide for the achievement of these objectives.

6. Taking into account the economic and social context of Senegal and the assessment of the results of PRSP-I, particular attention should, in our view, be accorded to certain points:

- The conclusion of an agreement on a program with the IMF, which would allow Senegal to strengthen its macroeconomic stability and donors to intervene in a framework that ensures the medium-term sustainability of the macroeconomic policy. Irrespective of one's views of the IMF and the constraints of an agreement with this institution, this is a key element for gaining the confidence of the development partners and private investors;
- The transparency of public finance management, and strict budgetary allocation within the context of the PRSP and the AGS, according priority to financing the sectors that have a strong impact on growth and poverty reduction, which requires an effort to clarify and rank priorities;
- The strengthening of aid harmonization to enhance its effectiveness by developing the Government's role to provide guidance and by ensuring improved coordination and complementarity of donors, of all long-standing and new donors. Two years after the Paris Declaration, external aid remains, in many countries, disparate and complex from a management standpoint. Progress has been made in this area, particularly in Senegal;
- Efforts to mobilize the contribution of new development partners by ensuring that their financial aid is included in this joint endeavor, notably by seeking to preserve the sustainable nature of external debt. The challenge is not one of always mobilizing more aid, but quality aid, which targets the priorities of the PRSP and the AGS, thus ensuring the viability of external debt and fiscal policy; and lastly
- The effective implementation of the PRSP and the Accelerated Growth Strategy, based on an effective steering and monitoring mechanism. The Senegalese Government has made a significant effort from a conceptual standpoint, in collaboration with civil society, economic operators, and the development partners, in order to define, based on an objective review of the state of the economy, a medium-term development strategy. This is a genuine effort at ownership that must be commended. We must now all work together to take up the challenge of implementation. The challenge for this Consultative Group, dear friends, is to take the necessary steps to face the challenge of growth and poverty reduction in Senegal.

7. In conclusion, I would like to say a word about our bilateral cooperation with Senegal. As you are all aware, Senegal is a privileged partner of France. It is the primary beneficiary of our public aid in Sub-Saharan Africa. This was the first African country visited by President Sarkozy. In 2006, we signed a Partnership Framework Document with you, which establishes the priorities for our bilateral cooperation until 2010. A genuine partnership to define and implement our interventions must be established, by involving all actors contributing to development (the Government – nongovernmental actors – civil society – the private sector – research institutions, etc.). Our aid must target a number of priority sectors that are consistent with the



Government's development policy and the MDGs. Lastly, there is a need to ensure greater complementarity of the instruments and actors for our cooperation, and enhance our coordination with the other donors. You may rest assured, Mr. Prime Minister and dear colleagues, that we will give due consideration to the results of your efforts in the implementation of these guidelines. I want to assure you further, Mr. Prime Minister, of our firm commitment to help you, along with your other development partners, to meet the challenge of growth and poverty reduction.

Thank you.



**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**  
**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE INTERNATIONAL MONETARY FUND**

**Mr. Johannes Mueller**  
**Division Chief, African Department**

**I. INTRODUCTORY REMARKS**

1. It is a pleasure to be with you here today to review, along with the Senegalese authorities and their development partners, the strategy implemented by Senegal to accelerate growth and combat poverty. I would like to present, in broad terms, the macroeconomic program that the Government intends to implement over the next three years to achieve the aforementioned objectives.
2. As you are aware, Senegal has asked the IMF to support its economic program in the context of the latter's Policy Support Instrument (PSI). Should the Executive Board approve its request, Senegal would join the ranks of a small number of African countries that receive IMF assistance under this new instrument, which seeks to meet the needs of low-income member countries that may not need IMF financial assistance, but would like the IMF to assess and endorse their economic policies. From a macroeconomic standpoint, countries that are eligible are those that have made significant progress toward stability. In this regard, Senegal's macroeconomic performance over the past ten years has, in broad terms, been good.
3. I am pleased to inform you that IMF management supported Senegal's request to benefit from the Policy Support Instrument and that the Executive Board should meet in early November to review this request.
4. I would now like to provide an overview of Senegal's current macroeconomic situation before moving on to the macroeconomic and structural policies that the Government intends to implement in the context of its proposed program. I will also mention the risks associated with this program.

**II. MACROECONOMIC SITUATION**

5. As I indicated, Senegal's economic performance since the devaluation of the CFA franc in 1994 has generally been good. However, a number of economic problems have surfaced over the past two years. Growth has slowed, and in 2006, real per capita income declined—for the third time only since the devaluation. This trend is in part attributable to the decline in agricultural production, the temporary halt in exports by the main chemical company, and to disruptions in the operations of the big energy sector public companies. Inflation rose sharply as basic food prices soared and controlled energy prices were adjusted, belatedly, in response to the rise in international oil prices.
6. These economic problems have adversely affected Senegal's fiscal position. While performance in this area was good at the start of the decade, the budget deficit has



doubled, rising to 6 percent of GDP in 2006, primarily as a result of the sharp increase in energy sector subsidies. In addition, public expenditure on investment projects increased, as did the wage bill. Last year, the budget deficit rose so steeply that its financing became difficult. As a result, expenditure in the priority sectors contracted and payments to suppliers were delayed, which had a negative impact on the private sector.

### III. MAIN FEATURES OF THE PROPOSED PROGRAM

7. Against this backdrop, the authorities have decided to adopt a strong macroeconomic program. Its main objectives are to get the economy back on a sustainable growth path and boost growth potential, with a view to supporting efforts to combat poverty and attain the Millennium Development Goals. The program is composed of four components:

8. **First Component – Reintroducing a more prudent fiscal policy in order to ensure the sustainability of public finances**

- Following significant debt relief granted to Senegal, it is critical for the country to avoid a fresh build up of excessive debt. According to a recent and updated debt sustainability analysis, a central government budget deficit on the order of 4 percent of GDP would be sustainable. The projections of the proposed program are that this deficit level will be achieved from this point through the end of the three-year period that it covers, with a significant reduction already being projected for this fiscal year. The authorities are also seeking to eliminate internal arrears, reduce the other delays in the expenditure chain, and implement a prudent debt management strategy which, in broad terms, allows for access to external concessionary loans.
- The projected central government budget deficit is higher than at the start of the decade, that is, before Senegal benefited from debt relief. This should allow Senegal sufficient room to meet priority needs. It is important to note that the Government has pledged to increase priority expenditure in such a way as to offset quickly the low level associated with the last fiscal year and to increase this expenditure to 40 percent of total expenditure in the medium term, as outlined in the Poverty Reduction Strategy Paper (PRSP-II).
- In order to achieve these fiscal objectives, it will be essential to maintain the good track record of revenue collection and to curb expenditure. The Government is currently taking steps to limit the wage bill and investment expenditure.
- If public expenditure is to be curbed, energy sector reform is imperative. Subsidies to this sector proved to be a big drag on last year's budget. To avoid a recurrence of this situation, fluctuations in global energy prices should be passed on to the consumer, while steps are taken to protect the particularly vulnerable population sectors. The Government has indicated its intention to adopt this principle, the implementation of which will have a very decisive impact on the success of the program. Given that the energy sector is an area that falls more within the purview of the other development partners such as the Bank, the IMF strongly urges the authorities to overhaul this sector, in collaboration with these partners. Clearly, the failure to provide this sector with a solid financial foundation, to reduce costs, to better plan investments, and to pass on input costs



will perpetuate the risk of repeated financial bailouts by Government as well as unsustainable budget deficits.

9. **Second Component – Strengthening governance and budget transparency**

- Given their scope and possible economic impact, two government projects require special attention in the context of the program: the airport project and the special economic zone project.
- The airport project has been under discussion for quite some time. Based on the detailed information provided by the Government to the IMF and the Bank, it seems that the budgetary risks associated with the project are limited. The authorities have tackled several other potential problems, such as the capital structure of the company responsible for managing the project, as well as transparency in the collection of airport taxes and the use made of these taxes.
- While the special economic zone project, to be carried out outside Dakar near the new airport, could be financially autonomous and useful, it entails a number of budgetary risks. First, the tax incentives to be granted to companies that choose to operate in this zone may adversely affect public revenue. The authorities have made a commitment, in the context of their program, to do a careful review, in conjunction with the IMF, of the impact of the zone on revenue, which may lead to the identification of the corrective measures needed to safeguard public revenue. Furthermore, in order to manage governance-related risks, the authorities have decided to standardize the statutes of APIX, the public entity that will manage the zone. The authorities will implement these changes with a view to avoiding conflict of interest risks between the public and private sectors. In addition, they will ensure that standard public sector rules and regulations are applied.
- The program also addresses several issues related to fiscal governance. For example, procurement-related practices will be strengthened and the number of contracts awarded on a non-competitive basis will be cut in half; the result being that soon, only a small number will be awarded in this manner. The proposed program also contains measures that target improved public finance management. In order to apply most of these measures, the authorities will have to conduct work on an ongoing basis in this area over several years, and possibly seek technical assistance from the IMF and other development partners.

10. **Third Component – Promoting private sector activity**

- More should be done to stimulate private sector activity and thus to achieve more robust growth in the long term. A number of the sound reforms proposed in the authorities' Accelerated Growth Strategy, which I am sure we will review during this meeting, should be quickly executed. The authorities are now committed to submitting legislation to Parliament that will make it possible to elevate this strategy to the level of a national priority and to establish the institutional framework required for its rapid implementation.

11. **Fourth Component – Strengthening the financial sector's contribution to the economy**

- A healthy and well-functioning financial sector is a key element of any powerful market economy. To achieve progress in this area, the authorities have made



several commitments in the context of the program. First and foremost, they have reiterated their intention to reduce the vulnerabilities of this sector – not only those of the banking system, but also those related to the rapid expansion of microfinance. Moreover, they have made provisions for measures to eliminate obstacles to financial intermediation, particularly in the legal sphere and the quality of financial statements.

- In the months ahead, the IMF and Bank plan to launch a regional Financial Sector Assessment Program in UEMOA. This program will facilitate the identification of possible additional measures to be taken at both the regional and national levels, which could be included in the authorities' program in the future.

#### **IV. MACROECONOMIC OUTLOOK**

12. Having presented the policies that the authorities intend to implement, I would like to provide you with the details related to the program's underlying macroeconomic framework:

- GDP is projected to increase by 5.5 percent on average during the medium term, a figure that is slightly above the trend. If the proposed program is executed, last year's downturn should prove temporary and production should rebound as a result of higher chemical exports and the implementation of major infrastructure projects. Ensuring a more regular supply of energy and eliminating government payment delays to the private sector should also facilitate this recovery.
- The Millennium Development Goals will, however, be difficult to achieve if growth does not exceed current projections. In its Accelerated Growth Strategy, the Government's target rate is 7 percent. The driving force behind higher growth should be much greater private sector activity. For this reason, higher growth is contingent on the institution of various structural reforms at a more rapid pace than currently outlined in the Government's program.
- From the standpoint of inflation, the UEMOA monetary and exchange rate policy framework serves as an anchor for holding down prices in the medium term. It is therefore expected that the inflation rate will eventually be lower than this year's relatively high rate, which resulted from the surge in food and energy prices.
- Lastly, the current account deficit is projected to stand at approximately 10 percent of GDP in the medium term. An increasingly greater portion of this deficit should be financed by foreign direct investment associated mainly with major infrastructure projects, a factor that should help contain an increase in Senegal's foreign debt.

#### **V. RISKS ASSOCIATED WITH THE PROGRAM**

13. I would like to complete this overview by taking a quick look at the risks associated with the program which, though generally manageable, should be taken into account.

- First, weaker-than-anticipated growth, which could be triggered by a variety of factors, could have significant consequences. Economic activity could become sluggish, not only because Senegal remains vulnerable to exogenous shocks (such



as a rise in oil prices or drought), but also because of the potential for persistent energy supply problems if reforms are not instituted in this sector, or if the recovery of the chemicals company is delayed.

- Second, the objectives of the program could be undermined by budgetary slippage resulting from delays in the restructuring of public enterprises, overly generous tax incentives in the case of the special new economic zone, or chronic delays in paying suppliers.
- Third, it must be acknowledged that strong political resolve will be required to implement structural reforms, tackle governance problems, and foster an environment conducive to private sector development.
- Fourth and last, the schedule established beforehand to review the Policy Support Instrument calls for a redoubling of efforts in order to avoid the collapse of the program. It would not be possible, in the context of this instrument, to postpone a review, and any program implementation problems would send a clear signal that the Government's macroeconomic program is off track. Signals of this nature are more nuanced in the traditional PRGF context. The authorities have, however, signaled their commitment to follow the schedule established and the IMF stands ready to provide assistance in this area.

## VI. CONCLUSION

14. In conclusion, as I indicated earlier, the Executive Board of the IMF should consider Senegal's request to benefit from this new Policy Support Instrument in early November. I would like to wish the authorities every success with their efforts to strengthen growth and combat poverty.



**Annex II.3**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE EUROPEAN COMMISSION**

**Mr. Manuel Lopez Blanco  
Acting Director for West and Central Africa**

Mr. Prime Minister,  
Honorable Ministers of State,  
Honorable Ministers,  
Representatives of donors,  
Ladies and Gentlemen:

1. On behalf of the European Commission, I would like, first of all, to thank the Government of Senegal for having organized this Consultative Group Meeting in collaboration with the World Bank. This meeting should enable us to not only review the funding that Senegal may receive in the years ahead, but also to discuss the main challenges that Senegal must face in the short and medium term.

2. It is certainly a pleasure to spend two days in Paris, and it is my fervent hope that this Consultative Group Meeting will be a success. However, our efforts will have been in vain if, at the end of this two-day period, we will not have made a number of mutual commitments to continue the discussions initiated here in a structured manner in Dakar. I will come back to this point later.

3. The European Commission is a long-standing and committed partner of Senegal, a partner that is open to political dialogue, a trade partner, and a development partner for your country.

Mr. Prime Minister,

4. You head a new government that must face a host of challenges, chief among them surely being growth and the equitable distribution of subsequent wealth creation. The Senegalese people are expecting your Government to improve their welfare, which you covered extensively in your recent General Policy Statement.

5. Development partners, those of the European Union in general, and the European Commission in particular, will work alongside you to tackle the challenges that await Senegal at the beginning of this twenty-first century. While the vision of the President of the Republic, Abdoulaye Wade, to make Senegal an emerging economy is inspiring, the achievement of this goal continues to be hampered by a host of persistent obstacles.

6. Senegal has certain assets that will allow it to achieve these objectives. It is a democratic country that is rich in human resources, respects human rights, enjoys stability on a continent where military conflicts persist to this day, and is very strategically situated from a geopolitical standpoint. Against this backdrop, we commend your country for its key role in conflict resolution in Africa and, notably, for its



involvement in efforts to resolve the Darfur crisis. Like your Government, we continue to follow the situation in Casamance very closely, and encourage you to work toward the successful conclusion of the peace process, which poses a formidable challenge not only to the stability of the region, but equally to Senegal's economic growth.

Mr. Prime Minister,

7. Senegal has a long-standing history of being able to attract donors, as evidenced by the substantial aid flows it has received over the years. And the results are manifest. As you will note during this meeting, up until at least end-2005, considerable progress had been made in terms of growth, improved social services, and poverty reduction. Unfortunately, in 2006, growth declined significantly which, undoubtedly, although analyses have not yet been done, had a negative impact on poverty reduction. Without a doubt, there is a disconnect between budget execution and the PRSP guidelines. This turnaround is no doubt a result of the oil shock, and delays in making certain decisions did nothing to improve the situation. I hope that we will have the opportunity to discuss this further during this meeting.

Mr. Prime Minister,

8. Although Senegal has been able to attract donors, it must still appeal to the private sector. We are pleased to hear of the recently announced major investments. However, beyond these major projects, Senegal's development must include the establishment of a network of small and medium-sized enterprises that will provide employment to a youth population still in a situation of extreme despair. In order to achieve this, job market conditions must be improved, production costs lowered, infrastructure developed, and, in general, an environment that is conducive to private sector development still needs to be created. We are aware that this is included in your commitments.

9. Mr. Prime Minister, while this statement was being drafted, I recalled the speech given by the Commission at the 2003 Consultative Group Meeting, which I attended in my capacity as Head of the European Commission delegation to Dakar at that time. I must admit that while rereading it, I discovered, to my dismay, that much of the content of the speech made at that time is still pertinent today. For example, we had said at the time that it was "of primary importance to strengthen collaboration with your partners in Senegal and to set up an annual review of the PRSP, integrated into the annual budgetary cycle." This is still relevant.

10. We had also made reference to the "the Priority Action Plan which refers to a limited list of projects reflecting only partially the government's action," and that it was "essential for us that the PRSP... reflect your national policy." This is also still the case.

11. I would like to pause for a moment on this point: we need to support all government actions and not just a list of projects. The PRSP, which as far as we understand includes the AGS and the success of which will be measured by trends in the related indicators, must reflect all government actions. The entire state budget is the primary instrument for its implementation.

12. This is in fact the rationale for our provision of budgetary assistance to Senegal to support the PRSP, and our expectation that more than 50 percent of the 10th European Development Fund (2008-2013) could be mobilized in this way.



13. This trend toward budgetary assistance, which you desire, is part of the firm commitments of the European Commission. Whenever conditions so permit, we want to make countries more responsible for managing the aid they receive.

14. However, budgetary assistance is clearly not just a question of giving money to the Treasury, irrespective of the policy of the beneficiary country. This is why it is essential to strengthen and structure discussions with the Government about its policy, why it is important that, at least once a year, the Government take stock of the measures adopted, the outcomes achieved through trends in the indicators, and the steps that it intends to take for the future, and hold discussions on these issues with its partners. This is what many countries are doing, conducting annual reviews of the PRSP or similar exercises. While this has not yet occurred in Senegal, we are pleased that the Framework Arrangement for Budgetary Support (*Arrangement Cadre des Appuis Budgétaires*, ACAB), which we will discuss tomorrow, provides a clear timetable that will help ensure that these reviews and this dialogue actually take place.

15. As you are aware Mr. Prime Minister, the other two key elements for the shift toward budgetary assistance are the stability of the macroeconomic framework and sound public finance management.

16. In this regard, we welcome the agreement reached with the IMF and hope that the program will be executed in the most satisfactory manner. Considerable effort still needs to be made with respect to public finance management, particularly in the area of government contracts, monitoring of implementation, and budget oversight. The recent PEFA exercise reveals the weaknesses that Senegal must correct. We also welcome the commitments that you have made to end the practice of sole-source contracts, and make transparency and rigor the motto of your Government.

Mr. Prime Minister,

17. These two days are too short to discuss all of the important issues that currently affect Senegal. Many critical issues such as Casamance, decentralization, and water and sanitation cannot be addressed. While it is true that we cannot tackle all the issues, it is our hope that by the end of this meeting, the commitment will have been made to renew dialogue on the issues that cannot be discussed here.

18. I would like, however, to briefly address two other matters which are not on the agenda, but which are of significant importance to the relations between Senegal and the European Union, namely, trade and the EPAs, and migration.

19. You are aware that, with respect to the first issue, we are racing against the clock, as the waiver granted by the WTO to allow ACP products to enter the EU under extremely favorable conditions will in fact expire on January 1 next year. This led to the decision to commit to the EPAs by end-October, at least, with respect to market access. Failure to reach this agreement could have an adverse impact on the region and, in particular, on regional integration. We hope that Senegal will rejoin the ranks of countries favorable to signing these economic partnership agreements, and will take action in this regard with respect to the countries of the region.

20. As regards migration, the second point, with its dire consequences and the tragic loss of all these young people on one hand, but also the positive aspect of mutually beneficial legal emigration on the other, we are pleased with the outcome of the last European mission that visited Senegal last week. We commend the Government for having succeeded in adopting difficult measures that helped to curb illegal emigration.



We intend to continue discussing this matter with your Government, the Parliament, and civil society, thus enabling us to develop a comprehensive approach that respects human rights and meets everyone's expectations.

Mr. Prime Minister,

21. As I indicated in the introduction of this statement, the success of this Consultative Group Meeting will become evident tomorrow evening, but will be measured by the enthusiasm that it manages to generate, the changes that it manages to effect in Dakar in the political dialogue between your Government and its committed partners, and the effective implementation of a transparent policy that fosters growth and poverty reduction.

Thank you for your attention.



**Annex II.4**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**  
**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE UNITED NATIONS DEVELOPMENT PROGRAMME**

**Mr. Bouri Sanhouidi**  
**UNDP Resident Representative and Coordinator of the**  
**United Nations System in Senegal**

His Excellency, Mr. Prime Minister,  
Members of Government,  
Honorable Ambassadors, Heads of the Diplomatic Corps,  
and Representatives of International and Inter-African Organizations,  
Distinguished Guests,  
Ladies and Gentlemen:

1. It is an honor and a true pleasure for me to address you, on behalf of the United Nations Development Programme, on the occasion of this important consultative meeting between the Government of Senegal and its development partners, and to convey to you the message of support, solidarity, and good wishes for the success of this Consultative Group Meeting from our Administrator, Mr. Kemal Dervis.
2. I would also like to offer the apologies of Mr. Gilbert Houngbo, United Nations Assistant Secretary-General and Regional Director for Africa, UNDP, who, for reasons beyond his control, is unable to join us this morning.
3. This Consultative Group Meeting, the second since the start of the decade, is coming at an appropriate time in terms of strengthening policy dialogue and the ongoing collaborative process that Senegal is successfully developing. It is part of a highly strategic agenda that is based on the joint commitments of Senegal and the international community, which accord priority to a long-term development vision centered around the Millennium Development Goals in particular. It also provides a forum for initiatives targeting accelerated and inclusive growth, and thus promoting human development, to coalesce around the new multisectoral and integrated strategy to combat poverty (PRSP-II), adopted by the Government and unanimously approved by all national and international actors.  
Mr. Prime Minister,  
Distinguished Guests,
4. The fact that Senegal's main partners and the agencies of the United Nations system are attending this important Consultative Group Meeting attests to the spirit of cooperation between Senegal and the international community, as well as our firm commitment to assist the main national actors with their efforts to combat poverty and achieve the Millennium Development Goals (MDGs).
5. In this regard, we would like to recognize the remarkable technical preparatory work done by the Government of Senegal with respect to this Consultative Group and to



join you in acknowledging that the timing is indeed appropriate for this high-level, candid, open, and constructive dialogue.

6. We are confident that the rich and multidimensional partnership that links Senegal and the donor community can be strengthened by reaching a consensus on a platform for mutual commitments at the conclusion of this meeting, in accordance with the new partnership for development proposed in the Millennium Development Declaration and the Paris Declaration on Aid Effectiveness.

7. Strengthening high-level policy dialogue, continuing the participatory approach already seen in the PRSP-II and Accelerated Growth Strategy drafting process, and enhancing the collaborative frameworks and mechanisms for guiding, coordinating, and monitoring implementation of the national development strategy would represent significant progress in this regard.

8. Stepping up good governance efforts, based on the operational approach to implementation of the second generation National Good Governance Program (PNBG) prepared by you and aimed at promoting human rights, strengthening State reforms, and modernizing public sector management, is of paramount importance.

9. In order to achieve these objectives, ongoing attention will have to be paid to developing skills and available resources, capacity building, fostering a more favorable business environment and better enterprise governance, and expanding access to markets and technologies.

10. The approaches outlined by the Government of Senegal in the political, economic, and social spheres and their application context are quite conducive to accelerating economic growth, better distributing the fruits of this growth, investing heavily in the basic social sectors, and reducing gender disparities. The foregoing represents challenges that must be tackled in order to combat poverty and inequality.

11. We support diversifying the productive sectors, in particular the agricultural sector, enhancing competitiveness and integration into the global market, expanding access to productive and energy resources, and reducing vulnerability to exogenous shocks, including priorities in the area of environmental protection and more sustainable management of natural resources, which pose key challenges for Senegal.

Mr. Prime Minister,

Distinguished Guests,

12. Taking into account in particular the mission of the United Nations agencies, I would like to avail myself of this opportunity to confirm that the United Nations Development Assistance Framework (UNDAF) is fully in line with the approach outlined in the PRSP-II and represents a unified, joint, and operational response of the United Nations system.

13. The United Nations system welcomes the initiatives already taken to achieve social development, in particular in the education and health sectors, and calls on the Government of Senegal to make full use of the mechanisms that guarantee the efficient allocation of basic social services while ensuring greater effectiveness of interventions targeting vulnerable groups.

14. We also encourage the Government to continue its activities with a view to strengthening the institutional mechanism for PRSP and AGS monitoring, deepening



decentralization as well as regional and local development activities, and improving national evaluation capacities.

15. In light of the MDG summit held in New York and, more recently, the G8 summit held in Heiligendamm, Germany, we call on the Senegalese Government and the development partners here present to step up efforts targeting the following achievements, among others:

- Harmonizing the operational modalities and procedures for implementing and monitoring official development assistance with a view to strengthening the impact of development initiatives and reducing transaction costs and turnaround times, while ensuring transparent and efficient resource management;
- Improving absorptive capacity, budget management, and the predictability of official development assistance; and
- Strengthening coordination and partnerships, which are essential for the achievement of sustainable human development and the Millennium Development Goals.

16. I would like to conclude my remarks by reiterating that we remain entirely at your disposal to work alongside you and in close collaboration with the other development actors and partners as we usher in a new era of cooperation based on joint commitments and mutual trust. In this regard, it is our hope that the impetus driving the preparatory work of this meeting will be maintained, based on the procedures to be outlined.

Thank you for your kind attention.



**Annex II.5**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**  
**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE WORLD BANK**

**Mr. Madani M. Tall**  
**Country Director for Senegal**

Mr. Prime Minister,  
Honorable Ministers,  
Ladies and Gentlemen of the Diplomatic Corps,  
Representatives of the Development Partners,  
Ladies and Gentlemen:

1. In June 2003, the fifth meeting of the Senegal Consultative Group and its development partners was held here. It was the first meeting since the 2000 elections, which were hailed as a major step forward in strengthening democracy in Africa because of the peaceful transfer of political power. Then, as now, the challenges facing Senegal were well known.

2. I welcome you to today's meeting in our Paris office, where we will discuss Senegal's current challenges and future prospects. From the Government's point of view, this meeting is an opportunity to set out its intentions and expectations, whereas for the rest of us, the development partners, it is an opportunity to remind ourselves of the context in which our support would be optimized.

3. It is undeniable that Senegal has made much progress since 2003, as illustrated, in particular, by growth rates of more than five percent in line with the trends observed since the devaluation of the CFA franc in 1994. Nevertheless, Senegal's performance in 2006, with a 2.1 percent growth rate, is a reminder that several challenges still have to be addressed before the country can view with equanimity its strides toward a sustained level of growth and its transition to an emerging economy.

Ladies and Gentlemen,

4. I would like to take this opportunity to highlight the generally positive macroeconomic indicators recorded by Senegal in recent years as a result of good public finance management, despite the difficulties noted in 2006 (in particular, the crisis in the energy sector, the crisis at Chemical Industries of Senegal (ICS), and the reduction in social expenditure).

5. With regard to social issues, and specifically in the area of poverty alleviation, the six percentage point decline in household poverty levels between 2001 and 2005 is heartening. Universal primary school enrolment is close to being attained, and, as a result of the extensive work done, parity is being achieved in this sector, given that there are as many young girls in school as boys. Vaccination programs, particularly for children, have been expanded and coverage of the entire country now exceeds 80 percent. Meanwhile, the malnutrition rate for children under 15 has declined from 21 percent to



14 percent over the period 1999-2007. Moreover, particular attention has been paid to the problem of street children—the clear objective being to remove them from the street and place them in acceptable social and humanitarian conditions, an ongoing quest for the Senegalese people.

6. The city of Dakar is undergoing a profound transformation, with building sites and new construction that in recent years have been the engine of growth that has sustained Senegal's economy.

7. Lastly, I would like to highlight the rapid progress made in the fruit and vegetable sectors, the establishment of call centers, the development of new communication technologies, the fact that it is now possible to register a company in less than 48 hours at the business establishment bureau of the national investment promotion agency (*Agence nationale chargée de la Promotion de l'Investissement et des Grands Travaux, APLX*), and a whole series of developments that indicate that the Senegalese private sector can, over time, become the driver of economic growth.

Ladies and Gentlemen:

8. Despite the progress made, Senegal is grappling with significant development challenges. Employment is a major concern for the majority of Senegal's population. Currently, for every Senegalese national claiming to work full time, there are more than five economically inactive, unemployed, or underemployed persons, thus illustrating the social pressure on Senegalese families and the society in general. In Dakar, more than half of all workers earn less than the minimum wage, that is, less than US\$80 per month. Access to work is therefore not enough to escape poverty; one has to have a "good job." But for this to happen, there is also an urgent need to reform the school system and adapt it to the needs of the private enterprises, because not only has half of the population in Dakar never attended school, but only one in 20 children who attend primary school will get to the baccalaureate level. The entrance of new investors into the country in areas requiring the customized training of Senegalese youth is an opportunity to put suitable partnerships in place and upgrade training programs, as happened in countries like Tunisia, Malaysia, Vietnam, etc.

9. In the area of urban mobility, it is obvious that Senegal has a severely deficient transport infrastructure. This deficiency is evident in Dakar where 80 percent of economic activity is concentrated in less than one percent of the land area of the country. Easing traffic congestion in the capital is critical, and should be facilitated through the construction of major highways connecting it with the rest of the country. In this regard, the Dakar-Diamniadio highway will unclog traffic bottlenecks at the entrance to, and exit from, Dakar and promote a more equitable distribution of economic activity between Dakar and the rest of the country. While this is a good response, it cannot be a panacea for solving the general problem of mobility, which must be tackled by doing more on a country-wide level.

Mr. Prime Minister:

10. There is no doubt that, as partners, the energy crisis has not spared us, because it is front and center of the issues covered by the Senegalese media. Doubtless, the causes of this crisis are multiple, but for the Senegalese people, the factories and companies, and even the public sector, the crisis is manifested in the frequent power cuts and outages that occur despite the fact that the cost of electricity in Senegal is the highest in the subregion. Moreover, the grants aimed at cushioning the losses of the national electricity company



of Senegal (*Société Nationale d'Electricité du Sénégal* – SENELEC) and the oil refinery (*Société Africaine de Raffinage* – SAR) resulted in a decline in public finances in 2006, thus leading to, as mentioned previously, a downturn in economic growth and, specifically, a reduction in public funds allocated for social expenditure, particularly in the areas of health and education. The attention devoted to the energy sector during the next two days, and even beyond—since already we envision that there will be in-depth discussion on the fifth of October—is justified by the urgent need to resolve this crisis.

11. I would like to reiterate the need to increase funding to combat malaria—the leading cause of mortality in Senegal—and preserve the country's ecological balance, which is threatened by deforestation and overexploitation of fishery reserves.

12. Finally, I would like to highlight the need to improve governance, combat corruption, promote efficient management of public funds and more clarity in the planning and management of major projects in order to protect the interest of the majority of the population, and not discriminate in favor of special interests or rent seeking behavior, by applying ineffective economic policies such as measures to protect certain economic sectors and surtaxes on basic commodities. All this will require large-scale mobilization and real political will, which must be manifested by the use of transparent budgetary procedures, a better functioning justice system, sanctions when necessary, and the protection of rights of access to information and respect for property rights.

Mr. Prime Minister, Ladies and Gentlemen,

13. The PRSP-II and the Accelerated Growth Strategy (AGS) represent an excellent and consistent framework for responding to people's expectations and consolidating gains made in poverty reduction efforts. Success in these areas, and Senegal's transition to an emerging economy, will depend, in large measure, on the will of the Government to put in place a general institutional steering and implementation-coordination mechanism and steadfastly pursue a reform program that will promote transparency and efficiency. This mechanism should formalize and scale up the dialogue in order to respond in a regular and systematic manner to the challenges of strategic and cross-cutting issues, resort to arbitration where applicable, and encourage the participation of all stakeholders—including the private sector and civil society.

14. Your bilateral and multilateral partners will undoubtedly, as in the past, work alongside you. However, the financing of development is primarily the responsibility of the Government and requires the effort of the entire nation. We will provide you with technical and financial assistance and the World Bank, for its part, has defined a new country assistance strategy for the period 2007-2010 with priorities and modalities consistent with the PRSP-II and the AGS, and which focuses on coordination with the Government and harmonization among development partners.

15. It only remains for me to reiterate my sincere hope that these two days of discussion will lead to joint commitments between the Government and its partners for the benefit of the Senegalese people. I hope that the next Consultative Group Meeting will be able to acknowledge that the actions and outcomes will have measured up to these commitments, and that Senegal will have succeeded in making the transition to an emerging economy and achieving the Millennium Development Goals.

Thank you for your kind attention.



**Annex II.6**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**  
**Paris, October 3-4, 2007**

**OPENING STATEMENT BY THE SENEGALESE DELEGATION**

**Mr. Cheikh Hadjibou Soumaré**  
**Prime Minister of the Republic of Senegal**

World Bank Operations Director for Senegal,  
Representatives of the development partners,  
Ladies and Gentlemen:

1. On behalf of the Senegalese people, their Government, and the delegation accompanying me, I would first like to thank the French authorities for their warm welcome. My thanks also go to all the development partners who have graciously agreed to attend this Sixth Meeting of the Senegal Consultative Group. Your presence here demonstrates once again the commitment of your respective countries and institutions to the support of Senegal in its constant effort to accelerate its economic growth and reduce poverty.

Ladies and Gentlemen:

2. It was here in Paris, on June 12 and 13, 2003, that we had the productive exchanges leading to our joint commitment to our first poverty reduction strategy (PRSP -I). You graciously agreed then to a financing package totaling about **CFAF 840 billion** over a period extending well beyond 2005. I am pleased today to point out that, over the 2003-2005 period, **CFAF 580.7 billion** was mobilized. In addition, over the implementation period of the aforementioned strategy (2003-2005), and thanks to your support, our country was able to mobilize **CFAF 281 billion** under the HIPC and MDRI initiatives, once the decision point was reached in 2000. These resources have shored up the Government's financial efforts, thereby boosting public investment by 50 percent over the period. Public investment out of domestic resources reached **CFAF 337 billion** in 2006.

3. All of this funding has made it possible to better meet the needs of disadvantaged groups and to improve access to basic social services. The incidence of household poverty has thus dropped significantly, from 48.5 percent in 2002 to 42.6 percent in 2005.

4. Overall, macroeconomic indicators have also evolved in a manner in keeping with WAEMU convergence criteria. The growth rate has averaged about 5 percent despite the exogenous shocks of 2002 and 2006, particularly in the form of natural disasters and the skyrocketing per-barrel price of oil, which have hampered the performance of productive sectors. The investment rate rose to 21 percent over the period. The 2003-2005 period was also an opportunity for the Government to initiate several reforms and to formulate various sectoral and multisectoral strategies linked to Poverty Reduction Strategy goals.



5. I might cite a partial list of these, including the social safety net strategy, the strategy for major risk management and natural disaster preparedness, and the strategy for social equity and gender equality.

6. In terms of structural reforms and public finance management, progress has been made with the introduction of results-based management within certain line ministries, the adoption of a new public procurement code, and the decentralization of expenditure execution for a portion of the Consolidated Investment Budget.

Ladies and Gentlemen:

7. After three years of implementation of our strategy, we have assessed the results by means of a broad participatory process, and have derived some initial lessons to be used in preparing our second PRSP.

8. Regarding the economy, the growth rate, despite its respectable level, did not meet our expectations, i.e., it did not reach the 7–8 percent needed to reduce poverty by half by 2015.

9. It is also true that growth was not dominated by the sectors, such as the primary sector, in which the working population is largely concentrated. This limits the beneficial effects for a broad swath of the population, and particularly for those in rural areas, who are the most disadvantaged.

10. As for basic social services, the pace of infrastructure installation is still falling short of expectations, and efforts must be made to enhance the accessibility and quality of services, to improve protections available to the most vulnerable groups, and to promote low-income housing as well as more wholesome living conditions.

11. Private sector development remains, as you know, a priority of the Government, which has made significant efforts in this area. These efforts will continue and will be strengthened as described in the action plan of the Accelerated Growth Strategy, under its component devoted to improving the business climate.

Ladies and Gentlemen:

12. This brief summary of results underlines the need to continue and accelerate the efforts now underway, and at the same to make the necessary course changes.

13. The economic and social development strategy that the Government of Senegal, as represented by myself, is urging you to endorse, places poverty reduction at the heart of public policy. This strategy, which we hope is shared by you, is ultimately aimed at bringing about significant and lasting improvement in the well-being of the Senegalese people, and at reducing the incidence of poverty to under 30 percent by 2015 through accelerated, strong, and sustainable growth. This strategy is part of an overall objective of eradicating extreme poverty.

14. This strategy derives from a vision often reiterated by the President of the Republic, who feels that the enhancement of social, economic and human capital must constitute the foundation of sustainable development.

15. Thus, structured sectoral and multi-sectoral programs will be implemented in order to respond appropriately to social demands and to achieve the Millennium Development Goals. Budgetary allocations will thus be channeled towards the priority PRSP sectors and structuring infrastructures.



Ladies and Gentlemen:

16. As I already announced last September 17 in my General Policy Statement, the Government of Senegal will implement the Accelerated Growth Strategy to fortify the massive creation of jobs and wealth in urban and rural areas.

17. The AGS will be the subject of a Framework Law to be submitted to the Parliament at the upcoming budget session, which is scheduled to commence on October 15, 2007, so that it can be approved by the end of 2007. The AGS action plan, which is an integral part of the PRSP priority action program, will be closely and actively followed up. I know already that there is much apprehension surrounding the implementation and coordination of the AGS. In this connection, I would like to reassert that the institutional piloting mechanism will be validated by the end of 2007 and that it will be operational by the beginning of 2008.

18. The achievement of the goals of our strategy depends a great deal upon the timely mobilization of adequate public and private financing, at both the internal and external levels.

19. Private investment, whether direct foreign investment or that of the domestic private sector, is therefore essential to our strategy.

20. The emphasis will therefore be on the creation of an environment conducive to the attractiveness and competitiveness of our economy, through the establishment of appropriate judicial, legislative and regulatory measures aimed at further easing administrative procedures, and also through the construction of highway, port, airport and railroad infrastructures meeting international standards.

21. Public/private partnerships will be further strengthened, and frameworks for ongoing consultation and dialogue will be set up for this purpose. The role of the domestic private sector will be strengthened in this context.

22. Out of a concern with preserving domestic economic gains in terms of competitiveness, the Government has already pledged to ensure, over time, that energy is constantly available and less costly. An envelope of CFAF 65 billion is already included in the 2007 draft Remedial Budget Law to recapitalize SENELEC by the end of the year, in order to ensure continuity in the operation of that company.

23. More ambitious investment measures have also been identified and are currently being implemented. An investment program totaling CFAF 520 billion is underway to boost production capacity by 600 MW by 2012 and to reduce petroleum dependency by diversifying the sources of energy. The Letter of Development Policy for the sector will also be updated and validated with all partners, and discussions will continue concerning the institutional changes planned within the company.

24. I would like to point out here that I have asked the Minister of Energy to adhere strictly to any consensus that emerges on the matrix of measures agreed upon with the partners, and that I will personally oversee its implementation.

25. Allow me to assert at this juncture that private investment will assume its rightful place within the new mechanism to be introduced, since we need foreign direct investment in this sector to better meet demand and to do so at least cost.

26. The Government has also begun to promote new and renewable energies, with particular emphasis on biofuels.



Ladies and Gentlemen:

27. The success of our economic growth policy therefore requires that energy issues be resolved definitively, and also that conditions be created to enable high value-added enterprises to recover. I am of course referring to Senegal's chemical industries, in which the past few years' state of affairs has heavily compromised our overall economic growth. After the signing of the agreement between the Government of Senegal and the IFFCO, discussions were opened with the company's main creditors. Debt restructuring proposals are being examined and are expected to be finalized in the coming weeks. The positive long-term outlook on the international market for phosphoric acid gives us great confidence in the future of this strategic component of our national economy.

28. It is for this reason that we are also seeking the strong support of the partners involved in this restructuring exercise, in order to preserve and foster this fruit of our joint efforts.

29. Reorganization of the macroeconomic framework will also continue, and mechanisms to protect against exogenous shocks, risks and disasters will gradually be put in place.

30. In implementing our policy, we will place particular emphasis on budgetary and financial transparency, through the implementation, inter alia, of the new legal and institutional framework of the public procurement system, which will help limit the use of waiver procedures in the execution of public procurement. Indeed, the problems posed by procurement procedures cannot be ignored. The Government will therefore endeavor to find appropriate solutions.

31. The Central Directorate for Public Procurement, as well as the Public Procurement Regulatory Agency, will therefore be operational as of January 2008. In addition, all ministries and Government agencies will be required to draw up their annual procurement plans at the beginning of each fiscal year, and to have those plans validated. I will distribute a circular on this subject to all ministries as soon as the draft 2008 Budget Law is submitted to the National Assembly.

32. In this connection, a public procurement information system will also be established to meet the need for efficiency and transparency.

33. Companies bidding on public contracts will have access to high-quality, real-time information on all official developments related to public procurement.

34. More generally, budgetary and financial reforms will be pursued and implemented more vigorously.

35. The goals here will include:

- Development of a harmonized legal framework for projects and programs;
- Simplification of the public expenditure circuit;
- Decentralization and gradual, selective regionalization of financial resource management; and, finally
- Strengthening and effective implementation of external controls over public accounts (management accounts, laws certifying budget execution, etc.)

36. All of these measures are directly in line with our ongoing preoccupation with accelerating disbursements and improving the absorption rate of government resources as well as of funds made available by our partners.



37. The Government will endeavor in particular to establish conditions for transparent resource management and for the sharing of information on project and program execution with all actors.

38. The Framework Arrangement for Budgetary Support (*Arrangement Cadre des Appuis Budgétaires*, ACAB), which Senegal has just validated, is expected to rapidly mobilize resources and implement projects and programs within deadlines.

39. This Framework Arrangement will also serve as a performance chart to monitor commitments and progress indicators.

40. Special attention will be paid to monitoring the Paris Declaration action plan and to enhancing the dialogue with partners.

41. The need for transparency and sound management of public funds also requires us to find appropriate ways to handle exceptional government income, and particularly revenues derived from the sale of the third telephony license and from mining concessions. These funds will essentially be earmarked for the priority sectors under our strategy, and for structuring infrastructure.

42. Construction of the Dakar-Diamniadio toll road will be a particular focus in the allocation of these resources, which will be addressed under a Remedial Budget Law. I will personally see that these measures are implemented.

43. As you know, the Senegalese authorities attach particular importance to the structural reforms needed to carry out effective economic policy. By the end of 2007, the Government is thus expected to sign with the IMF a non-disbursement assistance program known as the Economic Policy Support Instrument (ISPE). This program, which has already been successfully appraised, will go before the Board of the IMF in October 2007, and is testimony to the viability of our budgetary policy and our sound macroeconomic management.

Ladies and Gentlemen:

44. Implementation of our Poverty Reduction Strategy requires additional annual investment totaling CFAF 195 billion in 2007, 448 billion in 2008, 543 billion in 2009 and 716 billion in 2010 to bridge the funding gap under the Priority Action Program. The Government's contribution to these investments amounts to at least 35 percent over the period.

45. These financing needs have been weighed with an eye to the funds available under current programs being jointly funded by the Government and donors and those included in the Triennial Public Investment Program.

Ladies and Gentlemen:

46. Beyond the mobilization of funds, the Senegalese Government is aware that the real stakes lie in implementation, and in the ability to produce regular progress reports.

47. Based on lessons learned from the strengths and weaknesses of implementation under PRSP-I, the Government has therefore chosen a number of measures aimed at institutionalizing the participation of actors in monitoring/evaluation of the matrix of measures and the Priority Action Program under PRSP-II, under the coordination of the Poverty Reduction Program Monitoring Unit within the Ministry of Economy and Finance.



48. Using this approach, we hope to arrive at a better interface of measures included under the PRSP; achieve overall coherence of program implementation and monitoring/evaluation mechanisms; and ensure ownership of the strategy by the relevant ministries and departments.

49. This mechanism will be implemented by Working Groups set up according to strategic theme and led by one or two "lead structures." They will be made up of representatives of ministerial monitoring committees; representatives of civil society, the private sector, and local municipalities; representatives of development partners and research centers; and heads of the relevant programs and agencies.

50. An ongoing dialogue will be instituted with the development partners concerning the results of the evaluations, which will be conducted regularly. I will personally oversee the regular operation of this mechanism and of the various PRSP steering entities.

Ladies and Gentlemen:

51. To conclude, I would like to reaffirm my optimism concerning the success of this meeting, and also convey to you the thanks of His Excellency, the President of the Republic, as well as his profound gratitude to all the participants here today, whose only goal is to help Senegal to lay the groundwork by 2015 for the economic and social development to which the Senegalese people aspire, for their own sake and that of future generations.

Thank you for your kind attention.



**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**CONCLUDING STATEMENT BY THE WORLD BANK**

**Mr. Madani M. Tall  
Country Director for Senegal**

Mr. Prime Minister,  
Honorable Ministers,  
Ladies and Gentlemen of the diplomatic corps,  
Representatives of the development partners,  
Ladies and Gentlemen:

1. After two days of intense discussions, the sixth meeting of the Senegal Consultative Group is drawing to a close. Yesterday morning we took note, upon opening our session, of the need for constructive dialogue on the Government's priority themes and programs, and of the expectations of various participants concerning Senegal's challenges and future prospects. You will agree with me that the excellent presentations by the Senegalese participants and the constructive tone of our exchanges have enabled us to make progress in this strategic dialogue. Those presentations have also demonstrated the Government's determination to take concrete action in the short and medium term to implement its vision. On behalf of the World Bank and all the partners, I would like to thank the bilateral and multilateral institutions, as well as the specialized agencies, for their very active participation, which attests to their commitment.

2. It would be impossible to survey here the full richness and depth of the discussions of the past two days, so I will try to sum up the salient points in a few words.

3. On the first day, we analyzed the implementation results of PRSP-I and gratefully acknowledged the significant efforts made in terms of economic growth over the 2003-2005 period. A number of weaknesses were noted in the steering, coordination, and monitoring of implementation of the first PRSP, including the lack of a joint annual review. I am very pleased to note that the Government has pledged to correct these weaknesses under PRSP-II and the Accelerated Growth Strategy.

Mr. Prime Minister:

4. Where these two strategic planning exercises are concerned, the development partners have lauded Senegal's great efforts at discussion, mastery, and collaboration, as well as the clear vision that emerges from them. Our discussions have covered the changes involved in a new and more ambitious growth model, driven by the private sector and export promotion. The need to incorporate the regional dimension was also reiterated, as was the importance of a dynamic agricultural sector, not only to support agribusiness, but also to generate income for rural populations. We also touched on the need to encourage domestic and foreign private investment and, therefore, to establish a world-class business climate. The partners expressed satisfaction with the Government's



efforts to locate the funding needed for the proposed strategies and with its desire to incorporate these into a sustainable and environmentally friendly development framework.

5. Our discussions also dealt with the factors expected to facilitate successful implementation of this strategic framework, including (i) continued stability of the macroeconomic framework; (ii) adequate availability of energy in terms of quantity and quality; (iii) rapid start-up of interventions included under the priority action plans; (iv) the importance of attention to the traditional sectors; (v) the need to ensure that the Accelerated Growth Strategy is dynamic and geared to the needs of the market; (vi) the need for effective strategic and operational leadership at the highest levels; (vii) the efforts still required in the financial sector, particularly for SMEs; (viii) the importance of matching the educational system to the requirements of the job market, and the need for effective vocational insertion; and finally (ix) an effort to communicate and to make information available.

6. On the topic of energy, the participants were invited to attend a special meeting on the sidelines of the Consultative Group on October 5 to explore our thoughts on the main challenges facing that sector, to consider the Government's vision and objectives, and to reach agreement on a sustainable and effective recovery plan.

Mr. Prime Minister,

7. Now that the second day's discussions are ended, we can be particularly pleased with the pledges made by both sides to undertake a number of actions over the coming weeks. Among these actions, I will mention, for example, the submission to Parliament of the Law on the Accelerated Growth Strategy, effective implementation of the new procurement code, and the signing of the framework agreement on budgetary supports.

8. It goes without saying that the mobilization of additional resources, including external aid, is a critical ingredient of the support for PRSP-II and the AGS. In this connection, I am pleased to confirm the commitments announced a moment ago totaling CFAF 1,837 billion. This sum is in addition to the CFAF 655 billion announced by the Government, which is the primary financier of its own development.

9. The partners have underscored the need for further strengthening of cooperation and coordination between the Government and its partners, and among the partners themselves. To this end, I propose that we consider the possibility of establishing a Consultative Group follow-up mechanism that would take the form of regular meetings in Dakar, on a schedule to be determined, enabling us to discuss topics such as decentralization, issues facing young people, etc. These themes are equally important, but were unfortunately not addressed in depth during these two days.

Mr. Prime Minister,

Ladies and Gentlemen,

10. I would like to conclude with the hope that this Consultative Group will lead to a new and stronger collaborative dynamic aimed at achieving tangible results for the Senegalese people. Finally, I would like to thank all the participants once again, and express my wish that Senegal might achieve the success to which it aspires.

Thank you for your kind attention.



**Annex II.8**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**CONCLUDING STATEMENT BY THE SENEGALESE DELEGATION**

**Mr. Cheikh Hadjibou Soumaré**  
**Prime Minister of the Republic of Senegal**

World Bank Operations Director for Senegal,  
Representatives of the development partners,  
Ladies and Gentlemen:

1. It is indeed a pleasure to be here with you again for the closing of the sixth meeting of the Senegal Consultative Group.
2. At the start of this meeting, I had called on you to embrace the vision of a country on the cusp of attaining emerging economy status. You shared with us all the sectoral and strategic policy instruments, as well as the various measures, reforms, and actions that we intend to implement in the short and medium term, in order to eradicate poverty and respond to the aspirations of the Senegalese people for a better life.
3. The fruitful and in-depth discussions that we had over these past two days have enabled us to appreciate your commitment to working alongside us and your endorsement of our policy.
4. This very considerable effort is the best proof of the interest that you have shown, during this work, in our development policies in general and our second Poverty Reduction Strategy in particular. It is yet another shining example of the ongoing spirit of partnership that has always characterized the cooperation relations between Senegal and your respective countries and institutions.
5. I would especially like to express my sincere gratitude to you on behalf of His Excellency, the President of the Republic, the Senegalese people, and the entire delegation accompanying me.
6. I would also like to let you know that we have a clear understanding of your concerns and respective messages, and have fully appreciated your practical observations, criticisms, suggestions, and recommendations. They will help us to enrich our discussions and reaffirm our strategy to enable us to conduct coherent, structured, and more effective actions.

These actions include, to name but a few:

- The continued reorganization of the macroeconomic framework and public finances;
- The strengthening of transparency in public resource management by ensuring, in particular, strict compliance with public procurement procedures;



- National private sector strengthening;
  - The improvement of the budget resource allocation process with a view to better targeting the priorities and further enhancing consistency between the budget and our poverty reduction strategy;
  - The timely implementation of all the reforms that will help create the optimal conditions for increased private investment in order to promote accelerated, robust, and sustainable growth that will create jobs, through budget reforms or the implementation of the AGS action plan;
  - The setting up of an effective monitoring/evaluation mechanism and the establishment of an ongoing dialogue;
  - The organization of periodic reviews in order to share, with all actors, information on implementation of the strategy. The productive discussions that you had this morning on this matter led to an understanding of what we must do together;
  - The establishment of structured and in-depth dialogue with the partners on strategic issues, such as energy and the restructuring of enterprises like *Industries Chimiques du Sénégal* (ICS) or the national electricity company (SENELEC);
  - The consideration of environmental issues;
  - The continuation and strengthening of the issue of gender equality in all our sectoral policies and strategies;
  - The strengthening of decentralization and establishment of secondary poles in the regions with a view to promoting a rebalancing policy for land use planning; and lastly
  - The acceleration of the process to rebuild as well as resume economic and social activities in Casamance to achieve lasting peace in this region.
7. This list is certainly not exhaustive. Other very important points have also been addressed, and they will effectively be taken into account.
8. Let me assure you, ladies and gentlemen, that all these recommendations will be included in a matrix that will be monitored regularly and shared with the partners.
9. I wish at this time to congratulate you, as well as the entire Senegalese team, for its efforts to coalesce around this strategy, for all the efforts made to prepare for this meeting, and the quality of the work.
10. We have just taken a step together. The subsequent phases, which are already apparent, will require on our part more rigor, consultation, and an increased capacity to initiate and anticipate events. This is the only way in which we will meet the challenge of effectively implementing and regularly monitoring actions identified.
11. Armed with the resolve, we will secure the resources, given that this effort entails addressing the concerns of the people's legitimate aspirations for a better life. There is no worthier mission or task than this.
- Ladies and Gentlemen,
12. In conclusion, I would like to reiterate the Government's commitment to engaging in vigorous mobilization efforts to face the challenge of a sound implementation of the



strategy, and thus achieve the goals that we have set for ourselves. This is what it will take for us to win the development battle, the only battle worth fighting.

Thank you for your kind attention and I wish you all a safe return to your countries.



**Annex III**

**LIST OF PARTICIPANTS**

**1 - COUNTRIES**

*\* = Head of Delegation*

**BELGIUM**

M. Marc De Feyter \*  
Conseiller chargé de la coopération  
Ambassade de Belgique  
Dakar, Sénégal

M. Gaby Lemeire  
Responsable du desk géographique Sénégal de la Direction de la coopération bilatérale (D1) au sein de la Direction générale de la Coopération au développement  
Bruxelles, Belgique

**CANADA - Agence Canadienne de Développement International (ACDI)  
(Canadian International Development Agency - CIDA)**

Mme Barbara Brown \*  
Directrice générale  
Division de l'Afrique de l'Ouest et du Centre  
Gatineau, Québec  
Canada

Mme Agathe Frappier  
Directrice, Programme du Sénégal et Chef de la coopération  
Ambassade du Canada  
Dakar, Sénégal

M. Richard Pelletier  
Directeur adjoint, Programme du Sénégal  
Gatineau, Québec  
Canada

**CHINA**

Ms. HE Hongyan \*  
Counselor  
Embassy of China  
Paris, France

Mr. Antoine Zhu Jing  
Second Secretary  
Embassy of China  
Paris, France

**FRANCE (See also AFD, which is part of the French delegation.)  
MINISTERE DE L'ECONOMIE, DES FINANCES ET DE L'EMPLOI (MINEFE)**

M. Serge Tomasi \*  
Conseiller financier pour l'Afrique de l'Ouest (MINEFE - DGTPE)  
Ministère de l'Economie, des Finances et de l'Emploi (MINEFE - DGTPE)  
[French Treasury = DGTPE]

M. Sofien Abdallah  
Adjoint au Chef du Bureau géographique « Afrique - Maghreb »  
Ministère de l'Economie, des Finances et de l'Emploi (MINEFE - DGTPE)



**MINISTERE DE LA COOPERATION ET DE LA FRANCOPHONIE**

M. Jean-Marc Chataigner

Directeur de Cabinet du Ministre en charge de la Coopération et de la Francophonie

**MINISTERE DES AFFAIRES ETRANGERES ET EUROPEENNES (MAEE)**

**1) Direction d'Afrique et de l'Océan indien (DAOI)**

M. Benoit Decamps

Sous-directeur adjoint Afrique occidentale à la DAOI

Ministère des Affaires Etrangères et Européennes

**2) Direction générale de la coopération internationale et du développement (DGCID)**

**2.1) Sous-direction de la coordination géographique**

Mme Anne Schmidt

Chef du bureau Afrique-océan indien

Ministère des Affaires Etrangères et Européennes

**2.2) Sous-direction des Politiques sectorielles et des objectifs du millénaire**

M. Michel Bua

Chef du bureau de la gouvernance financière – sous-direction de la gouvernance démocratique

Direction des politiques de Développement (CID/DPDEV)

Ministère des Affaires Etrangères et Européennes (MAEE)

M. Mohammed Chirani

Chargé de mission au bureau des politiques de développement et de la prospective – sous-direction de la stratégie, des questions européennes et multilatérales

Direction des politiques de Développement (CID/DPDEV)

Ministère des Affaires Etrangères et Européennes (MAEE)

M. Marc Levy

Chef du bureau des politiques de Développement et de la Prospective

Sous-direction de la stratégie, des questions européennes et multilatérales

**GERMANY**

Ms. Bettina Horstmann \*

Desk Officer for Senegal, Guinea and Liberia

Ministry for Economic Cooperation and Development (BMZ)

Bonn, Germany

Mr. Matthias Adler

Principal Economist and Regional Manager for West and East Africa

Kreditanstalt für Wiederaufbau - KfW Entwicklungsbank

Frankfurt am Main, Germany

Ms. Regina Ecker

Regional Director

German Agency for Technical Cooperation

(Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ)

Dakar, Sénégal

Mme Margarete Wendels

Rédactrice

Afrique de l'Ouest et Afrique Centrale

Ministère fédéral des Affaires étrangères, Berlin, Allemagne



<b>ITALY</b>
Dr. Mauro Pedalino * Area Expert Sub Saharan Africa Department Italian Development Cooperation Rome, Italy
Mr. Marco Platzer Director Italian Cooperation Office Embassy of Italy Dakar, Senegal
<b>JAPAN</b>
Mr. Koji Yonetani * Counsellor Embassy of Japan in France Paris, France
Mr. Akihiro Takazawa First Secretary Head of Service and Cooperation Embassy of Japan in Senegal Dakar, Senegal
Mr. Eizen Irei Resident Representative Japan International Cooperation Agency (JICA) Dakar, Senegal
Mr. Mamadou Aliou Barry Deputy Program Director, JICA Office Dakar, Senegal
Mr. Mitsuaki Harada Representative in Paris Japan Bank for International Cooperation (JBIC) Paris, France
<b>KOREA</b>
M. Tong-Q Lee * Conseiller Ambassade de la Corée Dakar, Sénégal
<b>LUXEMBOURG</b>
M. Marc Franck * Chef de la Mission de la Coopération luxembourgeoise à Dakar Dakar, Sénégal



**THE NETHERLANDS**

H.E. Johannes W. G. Jansing \*  
Ambassador of the Netherlands to Senegal  
Embassy of the Netherlands  
Dakar, Senegal

Mr. J. Hijkoop  
Deputy Head of Development  
Embassy of the Netherlands, Dakar, Senegal

Ms. Karina Dzialowska  
Africa Bureau  
Ministry of Foreign Affairs

**PORTUGAL**

M. Mário Azevedo Ferreira \*  
Directeur/Conseiller Economique et Commercial  
Office du Commerce et du Tourisme du Portugal  
Ambassade du Portugal  
Paris, France

M. Jorge Rodrigues Ruivo  
Chargé de Mission, Adjoint du Conseiller Economique  
Office du Commerce et du Tourisme du Portugal  
Ambassade du Portugal  
Paris, France

Mlle Cristina Brasileiro  
Assistante du Conseiller Economique  
Office du Commerce et du Tourisme du Portugal  
Ambassade du Portugal  
Paris, France

**SPAIN**

Mme Rita Santos Suárez \*  
Coordinatrice Générale de la Coopération Espagnole  
Dakar, Sénégal

M. Marcial Garcia Gil  
Directeur des Etudes Economiques et Information  
Office Economique et Commercial d'Espagne  
Ambassade d'Espagne  
Paris, France

**UNITED STATES OF AMERICA**

(See also USAID, which is part of U.S. delegation)

Mr. Jay T. Smith \*  
Chargé d'Affaires, a.i.  
Embassy of the United States in Senegal  
Dakar, Senegal



**LIST OF PARTICIPANTS**

**2 - ORGANIZATIONS**

*\* = Head of Delegation*

**AFD – Agence Française de Développement (French Development Agency)**  
(See also France, as AFD is part of the French delegation.)

M. Olivier Delefosse  
Coordonnateur régional  
Afrique de l'Ouest – Sénégal, Cap Vert, Guinée-Bissau, Gambie  
Paris, France

Mlle Alexandra Diaby  
Economiste  
Dakar, Sénégal

**AfDB – African Development Bank Group**  
(Groupe de la Banque Africaine de Développement – BAD)

M. Mohamed H'Midouche \*  
Représentant Résident Régional  
Bureau Régional du Sénégal  
Dakar, Sénégal

M. Sada Ly Cissé  
Expert Financier  
Bureau Régional du Sénégal  
Dakar, Sénégal

M. Yousef Al-Bader  
Assistant auprès de l'Administrateur représentant  
Tunis Belvédère, Tunisie

**BCEAO – Banque Centrale des Etats de l'Afrique de l'Ouest**  
(Central Bank of West African States)

M. Birame Sène \*  
Directeur National de la BCEAO  
Dakar, Sénégal

M. Pierre Ndiaye  
Chef du Service des Etudes et des Statistiques  
Agence Principale de la BCEAO  
Dakar, Sénégal

**BEI – Banque Européenne d'Investissement (European Investment Bank – EIB)**

M. Gustaaf Heim \*  
Chef de Division  
Afrique Occidentale et Sahélienne  
Luxembourg

M. Jack Reversade  
Chef du Bureau régional  
Dakar, Sénégal

**BOAD – Banque Ouest Africaine de Développement (West African Development Bank)**

M. Modibo Koné\*  
Chef de Mission Résidente, Dakar, Sénégal

<b>CRDI – Centre de Recherches pour le Développement International (International Development Research Centre – IDRC)</b>
M. Gilles Forget * Directeur régional Bureau régional de l'Afrique occidentale et centrale (BRACO) Dakar, Sénégal
<b>ECOWAS – Economic Community of West African States (Communauté Economique des Etats de l'Afrique de l'Ouest – CEDEAO)</b>
Mr. Alpha Yaya Sow * ECOWAS Resident Representative to the European Union and to the ACP Group Brussels, Belgium
<b>EC – European Commission (Commission européenne – CE)</b>
M. Manuel Lopez Blanco * Directeur, p.i., pour l'Afrique de l'Ouest et Centrale Direction générale du développement Bruxelles, Belgique  M. Gilles Hervio Chef de Délégation de la Commission européenne Dakar, Sénégal  Mr. Lucien Pagni Principal Administrator Desk Officer for Senegal, The Gambia Directorate General for Development Brussels, Belgium
<b>IFAD – International Fund for Agricultural Development (Fonds International de Développement Agricole – FIDA)</b>
Mr. Mohamed Béavogui * Director West and Central Africa Division Operations Department Rome, Italy  Ms. Sylvie Marzin Country Programme Manager for Senegal West and Central Africa Division Operations Department Rome, Italy
<b>IFC – International Finance Corporation (Société financière internationale – SFI)</b>
Mr. Thierry Tanoh Director for Africa Johannesburg, South Africa  Ms. Aïda der Hovanessian * Country Manager for Senegal Dakar, Senegal  Mr. Alain Ebobissé Principal Investment Officer Washington, D.C.



<b>IMF – International Monetary Fund (Fonds monétaire international – FMI)</b>
Mr. Johannes Mueller * Division Chief and Mission Chief for Senegal Washington, D.C.
<b>IsDB – Islamic Development Bank (Banque Islamique de Développement – BID)</b>
Mr. Saidou Barry * Director, Regional Office Dakar, Senegal
Mr. Abdoul Radiaye Bah Country Officer for Senegal Country Operations Department II Jeddah, Saudi Arabia
<b>KFAED – Kuwait Fund for Arab Economic Development</b>
Mr. Abdul Rahman H. Al-Sayed Hashim * Regional Manager for West African Countries Safat, Kuwait
Mr. Yousef Al-Bader Economic Advisor Safat, Kuwait
<b>OIT – Organisation Internationale du Travail (International Labour Organisation – ILO)</b>
M. Dramane Haidara * Directeur du Bureau sous-régional pour le Sahel à Dakar Bureau International du Travail (BIT) Dakar, Sénégal
M. Daniel Duysens Conseiller Technique Principal du project PRODIAP Bureau International du Travail (BIT) Dakar, Sénégal
<b>SDF –The Saudi Fund for Development</b>
Mr. Hammad Almutib * Advisor Riyadh, Saudi Arabia
Mr. Saleh Baraba Economist Riyadh, Saudi Arabia
<b>UNCDF – United Nations Capital Development Fund (Fonds d'Équipement des Nations Unies – FENU)</b>
Ms. Henriette Keijzers * Deputy Executive Secretary and Director of Operations New York, NY
<b>UNDP – United Nations Development Programme (Programme des Nations Unies pour le développement – PNUD)</b>
Mr. Bouri Sanhouidi * Resident Representative and UN Resident Coordinator Dakar, Senegal
Mr. Luc Grégoire Senior Economist, Dakar, Sénégal

<b>UNESCO – United Nations Educational, Scientific and Cultural Organization</b> <b>(Organisation des Nations Unies pour l'éducation, la science et la culture)</b>
Mme Robertine Raonimahary * Chef Section, Coopération avec les Etats Membres africains Département Afrique Paris, France
<b>UNFPA – United Nations Population Fund</b> <b>(Fonds des Nations Unies pour la Population – FNUAP)</b>
Mme Suzanne Maiga Konaté * Représentante Dakar, Sénégal  Mme Janet E. Jackson Chef Branche de l'Afrique de l'Ouest au sein de la Division Afrique New York, NY
<b>UNICEF – United Nations Children's Fund (Fonds des Nations Unies pour l'Enfance)</b>
Mr. Ian G. Hopwood * Representative for Senegal Dakar, Senegal
<b>UNIDO – United Nations Industrial Development Organisation</b> <b>(Organisation des Nations Unies pour le Développement Industriel – ONUDI)</b>
Mr. Alain Nickels * Representative, Senegal, Cape Verde, The Gambia, Guinea-Bissau, Mauritania Dakar, Sénégal
<b>UNIFEM – United Nations Development Fund for Women</b> <b>(Fonds de développement des Nations Unies pour la Femme)</b>
Ms. Cécile Mukarubuga * Regional Programme Director Dakar, Senegal
<b>USAID – United States Agency for International Development</b> (See also United States, as USAID is part of that delegation.)
Mr. Kevin J. Mullally Mission Director Dakar, Senegal  Mr. Ousmane Sané Senior Program Economist Dakar, Senegal
<b>WFP – The United Nations World Food Programme</b> <b>(Programme Alimentaire Mondial des Nations Unies – PAM)</b>
Mr. Bienvenu Djossa * Country Director and Representative for Senegal Dakar, Senegal
<b>WHO – World Health Organization</b> <b>(Organisation mondiale de la Santé – OMS)</b>
Dr. António Pedro FILIPE Junior * Représentant Dakar, Sénégal



LIST OF PARTICIPANTS

3 - GOVERNMENT OF SENEGAL

\* = Head of Delegation

**PRIMATURE**

S.E.M. Cheickh Hadjibou SOUMARE \*  
Premier Ministre

M. Abdoulaye DIOP  
Directeur de Cabinet

M. Maguette NIANG  
Conseiller spécial

M. Alioune Diop NDOYE  
Chef du protocole

M. Ibrahima NDIAYE  
Conseiller en Communication

M. Cheikh Bassirou FALL  
Chef de Cabinet

Mme Yeya THIAM DIAGNE  
Assistante

M. Pierre Marie BASSENE  
Directeur Général de l'ANRAC (Agence pour la Relance des Activités Economiques en Casamance)

**PRESIDENCE**

S.E. Mme Gnounka Touré DIOUF  
Ministre Conseiller Economique de Monsieur le Président de la République

M. Abdoulaye Racine KANE  
Coordonnateur du Programme National de Bonne Gouvernance

M. Boubacar NDAW  
Expert National du Programme National de Bonne Gouvernance

**MINISTERE DE L'ECONOMIE ET DES FINANCES (MEF)**

S.E.M. Abdoulaye DIOP  
Ministre d'Etat, Ministre de l'Economie et des Finances

S.E.M. Ibrahima SAR  
Ministre délégué auprès du Ministre de l'Economie et des Finances, chargé du Budget

Mme Nene Mboup DIENG  
Directeur de Cabinet du Ministre d'Etat, Ministre de l'Economie et des Finances

M. Aliou FAYE  
Directeur du Centre d'Etudes de Politiques pour le Développement

M. Thierno Seydou NIANE  
Coordonnateur de la Cellule de Suivi du Programme de Lutte contre la Pauvreté

M. Mayacine CAMARA  
Cellule de Suivi du Programme de Lutte contre la Pauvreté

M. Malick Camara NDIAYE  
Directeur général des Finances

M. Mamadou FAYE  
Directeur de la Dette et de l'Investissement (DDI)

M. Mor SALL  
Directeur du Budget (DB/MEF)

M. Mamadou Abdoulaye SOW  
Directeur général de la Comptabilité publique et du Trésor

<b>MINISTERE DU TOURISME ET DE L'ARTISANAT</b>
S.E. Mme Fatou GASSAMA Ministre du Tourisme et de l'Artisanat
M. Assane SOUMARE Director General National Tourism Promotion Agency
<b>MINISTERE DES TELECOMMUNICATIONS, DES POSTES ET DES TIC</b>
S.E. Mme Sophie Gladima SIBY Ministre des Télécommunications, des Postes et des TIC
<b>MINISTERE DE L'ECONOMIE MARITIME</b>
S.E.M. Souleymane Ndéné NDIAYE Ministre d'Etat, Ministre de l'Economie Maritime
<b>MINISTERE DE LA COMPETITIVITE ET DE LA BONNE GOUVERNANCE</b>
S.E. Mme Fatou Danielle DIAGNE Ministre de la Compétitivité et de la Bonne Gouvernance
<b>MINISTERE DE LA SOLIDARITE NATIONALE</b>
S.E. Mme Fatou Binetou Taya NDIAYE Ministre de la Solidarité nationale
<b>AMBASSADE DU SENEGAL EN FRANCE</b>
S.E.M. Doudou Salla DIOP Ambassadeur
M. Cheikh Tidiane SAL Conseiller, Chef du Protocole
M. Boubacar BA
M. Mareme TOURE
<b>AUTRES STRUCTURES / SECTEUR PRIVE / SOCIETE CIVILE</b>
Mme Aminata NIANE Directrice de l'Agence nationale chargée de la Promotion de l'Investissement et des Grands Travaux (APIX)
M. Moustapha CISSE Agence nationale, chargée de la Promotion de l'Investissement et des grands travaux (APIX)
M. Ibrahima WADE Secrétaire exécutif, Comité de pilotage de la Stratégie de Croissance accélérée (SCA)
M. Abdoulaye Racine KANE Délégué à la Réforme de l'Etat et à l'Assistance technique
M. Baïdy AGNE Président du Conseil National du Patronat du Sénégal (CNP)
M. Mansour CAMA Président de la Confédération Nationale des Employeurs du Sénégal (CNES)
Mme Abibatou NDIAYE Présidente, Commission Société civile du DSRP Coordonnatrice des Femmes de la Société Civile, DSRP
M. Mamadou SECK Député Assemblée nationale – Président de la Commission des Finances
M. El Hadjii Malik DIOP Député, Assemblée nationale
M. Birahim Bouna NIANG Rapporteur de la Commission Spéciale du Plan des Etudes Générales et de l'Aménagement du territoire du Conseil de la République pour les Affaires Economiques et Sociales (CRAES)



M. Djibril Amadou KANOUTE Directeur Général Société des Pétroles du Sénégal (PETROSEN)	
M. Latsoucabé FALL Directeur Général Société Nationale d'Électricité du Sénégal (SENELEC)	
M. Mabouso THIAM Coordonnateur Project de promotion des investissements privés	
Mme Abibatou NDIAYE Présidente Nationale de la Fédération des Associations féminines du Sénégal (FAFS) Coordonnatrice des Femmes de la société Civile, DSRP	
M. El Hadj Malick DIOP Président, Commission Collectivités Locales du DSRP	
Professeur Bouna NIAN Agrége de Sciences Economiques Université Cheikh Anta Diop Faculté des Sciences Economiques et de Gestion Centre de Recherche et de Formation pour le Développement Economique et Social Dakar, Sénégal	
<b>LIST OF PARTICIPANTS</b>	
<b>4 - EXECUTIVE DIRECTOR'S OFFICE - WORLD BANK</b>	
Mr. Louis Philippe ONG SENG Executive Director World Bank Group	
Mr. Mamadou Woury DIALLO Senior Advisor to the Executive Director World Bank Group	
<b>LIST OF PARTICIPANTS</b>	
<b>5 - WORLD BANK</b>	
* = Head of Delegation	
Mr. Madani M. Tall * Country Director for Senegal Dakar Office	
Mr. Iradj Alikhani Country Program Coordinator for Senegal Washington Office	
Mr. Jacques Morisset Lead Economist and Country Economist for Senegal Washington Office	
Mr. Mamadou Ndione Economist Dakar Office	
Ms. Françoise Perrot Sr. Operations Officer Washington/Dakar Offices	

**Annex IV**

**SENEGAL: SIXTH CONSULTATIVE GROUP MEETING**

**Paris, October 3-4, 2007**

**PRESS RELEASE**

**Development Partners Commit \$3.9 bn to support Senegal's  
Poverty Reduction Objectives**

**Contact:**

Dakar: Mademba Ndiaye  
Office: (221) 33 849 50 00  
Cell: (221) 77 637 89 23  
[mademba@worldbank.org](mailto:mademba@worldbank.org)

**PARIS, October 4, 2007** - The competitiveness of Senegal's economy, and the financing needs for the country's "Accelerated Growth Strategy" (AGS) and Second Poverty Reduction Strategy Paper (PRSP-II) were at the heart of discussions during the Sixth Consultative Group Meeting on Senegal, which brought Senegalese officials together with their numerous development partners in Paris, France on October 3 and 4, 2007.

In their pledge to financially support the AGS and PRSP-II, Senegal's development partners committed to providing \$3.9 billion between 2007 and 2010--nearly \$1.3 billion more than the government was expecting. Of this amount, the World Bank committed to providing \$474 million, in addition to its ongoing portfolio for which \$447 have not yet been disbursed.

Senegal's Prime Minister, **Cheikh Hadjibou Soumaré**, expressed his gratitude for the contributions which were, in his words, *"the best indication of the support"* the partners have for Senegal's development policies and its poverty reduction strategy.

During the Consultative Group Meeting's opening ceremony, **Soumaré** informed the development partners that the financing gap needed to execute the PRSP-II between 2007 and 2010 would likely be 1902 billion Francs CFA (about \$4 billion), of which 34 percent would be financed from the State's budget. He made firm commitments towards *"budgetary and financial transparency, thanks to a new institutional and legal framework to manage the public procurement system that will help limit abusive procedures in this area"*.

The Prime Minister of Senegal led a delegation of nearly 100 people, of which 22 ministers, members of employers' unions and civil society groups. He set the tone from the outset of the meetings by stressing that Senegal was resolutely committed to an *"economic and social development strategy that firmly placed the fight against*



poverty at the heart of its public policies" in order to bring poverty levels below 30 percent by 2015. He pointed out that since the last such meeting in 2003, "the incidence of poverty has seen a significant drop from 48.5 percent in 2002 to 42.6 percent in 2005. "

**Mr. Madani M. Tall**, World Bank Country Director for Senegal, also stressed the pressing need for the country to invest in poverty reduction, explaining that *"financing for development is first and foremost the government's responsibility and requires the efforts of the entire nation."* But, to put Senegal on a sustainable growth path towards an emerging economy, **Tall** stressed *"the need to improve governance, fight corruption, promote efficient management of public goods and open up to public scrutiny the planning and management of large projects. "*

During the meetings, the representatives of France, the IMF, the European Commission, and UNDP all highlighted Senegal's economic performance over the last ten years. However, they indicated that the drop in economic growth from 5 percent in 2005 to 2.1 percent in 2006, pointed to the need to implement the AGS, as well as needing to *"convince the private sector after having convinced the donors"*, as Mr. Lopez Blanco of the European Commission put it.

During the two days of discussions, the Consultative Group assessed the outcomes of the first Poverty Reduction Strategy Paper (2003-2005), the main objectives of the PRSP-II and the AGS, and the financing the government has identified for these two strategies that should help lead the country to becoming an emerging economy by 2015.

Senegal also discussed the Framework for Budgetary Support (*Arrangement Cadre des Appuis Budgétaires*) (ACAB) with its partners and analyzed recent strategic developments in Senegal, namely with regard to employment, energy (a special day-long session between the World Bank and the Government of Senegal was devoted to this sector on October 5), the macroeconomic framework and large infrastructure projects.

In his remarks to conclude the two days of discussions, **Mr. Madani M. Tall** expressed his hope that the Sixth Consultative Group Meeting *"should lead to a strengthened climate of cooperation, and a quest for tangible results for the people of Senegal."*