

## IDA AT WORK

## Senegal: Rallying Support for Growth

**F**aced with external and internal shocks since 2006, including the 2009 global financial crisis, Senegal, with support from the International Development Association (IDA) support, has made progress towards fiscal consolidation, and has strengthened its regulatory framework, and increased private sector participation in the provision of water and telecommunications services. IDA has also helped increase access to education, health services, nutrition, and basic infrastructure.

**Challenge**

Senegal is a low-income country that has, over the last decade, moved on a range of policy and institutional reforms. However, challenges remain, specifically in the following areas: (i) While economic growth has been encouraging, its rate has been far less than what is needed for Senegal to achieve the goal of halving the share of the population living below US\$1 per day by 2015. The proportion of the population living in poverty, (US\$2/day) at 60 percent for 2008, is lower than the Sub-Saharan Africa (SSA) average of 73 percent. The absolute poverty rate (at 1.25US\$/day) was 34 percent in 2008, against an average 51 percent across SSA; (ii) At the same time, rapid urbanization puts increased pressure on existing services and infrastructure, and the urban poor have been particularly vulnerable to the repeated shocks since 2008; (iii) Senegal continues to face the challenges of promoting structural changes to spur greater job creation, economic diversification, territorial and regional integration, and creation of economic opportunities beyond the capital city of Dakar;

(iv) Other major hurdles for Senegal are to improve the investment climate, promote private sector development, and improve public service delivery. Improving governance, in particular the respect for the rule of law and transparent and efficient use of public resources, is a prerequisite if Senegal is to meet these challenges.

## Approach

Since 1994, about one-fourth of the total lending to Senegal has been provided through eleven policy operations that directly support the government's strong reform efforts, particularly in the areas of private sector development, the agricultural sector, energy, trade, public expenditure management, and delivery of social services. These policy loans also helped steer Senegal's reforms and strengthen its approach to taxes and regulations. IDA has also provided 65 investment projects that focus on rural and community development, health, education, nutrition, private sector development, energy, water supply, transport, and urban development. IDA projects have sought to reinforce regional integration over the years through operations that cover energy, river basin management, business law, locust eradication, fisheries, and air transport and safety.

## Ensuring consistency between macroeconomic and sector-level reforms

- IDA has consistently emphasized laying the foundations for rapid economic growth, for example IDA support has stressed infrastructure reform to improve the quality and reduce the cost of infrastructure

services, as well as the need for increased investments in education, health and nutrition, and enhanced participation of local communities in decision-making through decentralization and social funds.

## Addressing complex cross-sectoral issues

- IDA's large involvement in infrastructure, rural development, and social services has allowed it to tackle challenges from several angles at once. For example, investments in infrastructure benefit rural communities and stimulate agricultural growth. Likewise, better access to clean water helps fight water-borne disease and improves public health outcomes.
- Structural reforms and sector-specific investments are also mutually reinforcing. For example, fiduciary reforms have helped narrow the gap between the cost of implementing social sector programs and resources available from domestic resources and donor support.
- Public management reforms have helped improve the allocation of resources within the education and health sectors.

## Providing a knowledge base

- During the last three years IDA has produced numerous analytical reports, including analyses of Senegal's economy, poverty levels, investment climate as well as its private sector, environment, infrastructure, non-farm employment, labor markets, and street children. This analytical work serves as the basis for the design of policies and programs that are tailored to tackle Senegal's realities and challenges.

## Results

IDA has been particularly effective in the following areas:

### Providing continuous support for policy reform

- IDA's eleven adjustment/development policy credits included four poverty reduction support operations, which have addressed key constraints to growth. The current series supports reforms to enhance both private sector development and human development, as well as mitigate vulnerabilities and strengthen governance.

### Capacity building and development of social services

- IDA has helped increase access to education, health services, nutrition, and basic infrastructure and has focused on improving the quality of services, as well as enhancing gender equity and balancing regional disparities.
- IDA's comprehensive (or sector-wide) approaches to health and education have helped Senegal formulate long-term strategies and improve aid effectiveness in these sectors. As a result, some of Senegal's social indicators have improved. For example:
  - Gross primary school enrollment rate increased from 81 percent in 2005 to 92 percent in 2009. The dynamics of access at the early grades remain strong: the intake rate to grade 1, which was at 96 percent in 2005, has reached 117 percent in 2009.
  - At primary level, completion rate reached 55.7 percent in 2007.
  - Inequity in school enrollment has been reduced at primary level. With a force-

ful policy and expenditure drive over the past few years, the gross enrollment rate for girls now exceeds that of boys. The gross enrollment rate of children in the poorest quintile increased from 52.3 percent in 2001 to 67 percent in 2005.

- At secondary level, the gross enrollment rate stood at 40 percent in 2009, a one third increase from 29 percent in 2005.
- Maternal mortality has declined from 510 per 100,000 live births in 1992 to 401 in 2005, the year of the last Demographic and Health Survey (DHS) in Senegal.
- Approximately 24 percent of children under the age of five are reached by an integrated package of community nutrition activities.
- Coverage of households using insecticide treated nets was 45 percent in 2006. More than a million nets have been distributed since.
- IDA has helped increase access to water and sanitation services. In 2009, access to water in urban areas reached 98 percent, which is high by SSA standard, and 75.5 percent in rural areas. Access to sanitation in urban areas has reached 63.4 percent. In rural areas, access is only 27.5 percent and a new batch of reforms is being supported by donors, including IDA, to improve the institutional framework and scale up water and sanitation delivery services in rural areas.

### IDA Contribution

IDA's assistance to Senegal is governed by its Country Assistance Strategy (CAS) for 2007-2010 which selectively supports priorities set forth in Senegal's Poverty Reduction Strategy. The CAS is based on three main pillars: (i) Accelerated growth/ wealth creation, (ii)

Human development/shared growth, (iii) Rural and urban synergies. The CAS also focuses on better governance through four core principles to ensure that governance considerations are woven into all IDA programs: (i) improving transparency and efficiency in the use of public resources; (ii) increasing public sector accountability; (iii) strengthening and modernizing the judicial system; and (iv) enhancing mechanisms for private sector governance.

As of August 2010, the IDA portfolio included 18 active credits for a total commitment of US\$673 million and an undisbursed balance of about US\$446 million. Some credits are programmatic and envisage a series of several individual projects, while others are individual investment credits. The portfolio also includes a development policy operation in the energy sector, and two emergency credits. In addition, IDA is implementing a number of trust fund operations, and regional projects covering Senegal amongst other countries, in areas like fisheries, air transport, agricultural productivity and electric power generation and distribution.

## Partners

Because of its strategic role, stable policy environment and broadly favorable development outcomes, Senegal's development program continues to benefit from foreign assistance. More than 50 donor countries and agencies are active in Senegal, with most bilateral and multilateral development agencies having an active presence in Senegal. The World Bank, the European Union, France, and the United States are the largest contributors. One of the objectives of donor coordination is to reduce the aid-related administrative burden on the Senegalese administration. Considerable

progress has been made in recent years in coordinating development assistance in Senegal, in accordance with the Paris Declaration on Aid Effectiveness. Through its partnership on harmonization and alignment, IDA leverages aid from other donors in Senegal.

Close collaboration in the design of budget support operations includes the adoption of a Framework Agreement on Budget Support (*Accord Cadre pour les Appuis Budgétaires* or ACAB) in 2008. Though the ACAB mechanism is still in its infancy, substantial progress has been made with the adoption of joint monitoring indicators, a regular quarterly meeting of a Steering Committee chaired by the Prime Minister, and a multi-donor trust fund supporting the budgetary reforms. The consolidation of donor Project Implementation Units in the water sector is also a move in the right direction. The last Consultative Group meeting took place in October 2007, endorsing the government's Poverty Reduction Strategy Paper (PRSP) with financial commitments totaling US\$3.9 billion and agreeing on follow-up consultations via quarterly meetings in Dakar.

## Moving Forward

A Country Partnership Strategy, aligned with an updated PRSP, will be prepared during 2011 and lay the groundwork for deepening the focus of Bank support in addressing the key challenges.

## Beneficiaries

**The Rural Infrastructure Development Project assisted women's participation in decision-making on rural development:** One of the challenges in the late 1990s was creating effective local governance in Africa's oldest

democracy and increasing community participation in local decision-making. The Project approached this through the establishment of consultative committees, comprising elected members of local communities and civil society representatives, and by establishing a rule according to which at least one-third of the consultative committee members were to be women. Initial resistance against the participation of women in decision-making bodies was successfully overcome by reducing the mandatory community contributions to micro-projects for communities with higher involvement of women in these committees.

The input of women impacted on the development priorities, and allowed a broader spectrum of needs to be met; for example while men requested funding for cattle stock, women identified water-points as a priority community need. By 2004, the first 100 target communities were doing better than wealthier counterparts; they had succeeded in identifying and meeting communal needs, such as water, health care, education, and other services. In fact, more communities demanded to be covered by project activities than was possible with the limited coverage of 100 local communities.

Last updated September 2010.

<http://www.worldbank.org/ida>