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**CONSULTATIVE GROUP MEETING FOR SENEGAL
Paris, June 12-13, 2003**

Report of Proceedings

Attached is the Report of Proceedings of the Consultative Group Meeting for Senegal held in Paris, France, on June 12 and 13, 2003. This report may be obtained from the following website: <http://www.worldbank.org/afr/SenegalCG2003>.

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SENEGAL: FIFTH CONSULTATIVE GROUP MEETING

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SENEGAL: FIFTH CONSULTATIVE GROUP MEETING

Paris, June 12-13, 2003

CHAIRMAN'S REPORT OF THE PROCEEDINGS

Background

1. The Fifth Meeting of the Consultative Group (CG) for Senegal was held at the World Bank's European Office in Paris on June 12-13, 2003, under the chairmanship of Mr. John McIntire, Country Director for Senegal at the World Bank. The Senegalese Delegation was led by His Excellency Idrissa Seck, Prime Minister, and included H.E. Abdoulaye Diop, Minister of Economy and Finance; H.E. Cheikh Hadjibou Soumaré, Delegated Minister in charge of Economy, Finances and Budget; H.E. Macky Sall, Minister of Mines, Energy and Hydraulics; H.E. Moustapha Sourang, Minister of Education; H.E. Mamadou Seck, Minister of Infrastructure, Equipment and Transport; H.E. Awa Marie Coll Seck, Minister of Health; H.E. Awa Guèye Kébé, Minister of Family and National Solidarity; H.E. Maïmouna Sourang Ndir, Minister of Social Development; H.E. Modou Diagne Fada, Minister of Environment; H.E. Habib Sy, Minister of Agriculture and Rearing; and H.E. Théo Cissé Doukouré, Delegated Minister in charge of Local Communities. Senegalese participants included senior Government officials, as well as representatives of the National Assembly, the private sector and civil society. The meeting was also attended by delegations from Austria, Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Portugal, Spain, United States of America, African Development Bank, African Institute for Economic Development and Planning, Arab Bank for Economic Development in Africa, Canadian International Development Agency, Central Bank of West African States, Kreditanstalt für Wiederaufbau (KfW), European Commission, European Investment Bank, Food and Agricultural Organization of the United Nations, French Development Agency, German Agency for Technical Cooperation (GTZ), International Development Research Center, International Finance Corporation, International Fund for Agricultural Development, International Monetary Fund, Islamic Development Bank, Japan International Cooperation Agency, Kuwait Fund for Arab Economic Development, OPEC Fund for International Development, Organization for Economic Cooperation and Development, Saudi Fund for Development, United Nations Capital Development Fund, United Nations Children's Fund, United Nations Development Programme, United Nations Educational, Scientific and Cultural Organization, United Nations Fund for Population, United Nations Industrial Development Organization, U.S. Agency for International Development, West African Development Bank, World Food Programme, and World Health Organization.

2. The agenda for the meeting, the list of participants, and the press release are attached in Annexes I, II and XIX respectively.

3. The following background documents were distributed prior to the meeting and were made available on the website <http://www.worldbank.org/afr/SenegalCG2003>:

By the Government of Senegal:

- Poverty Reduction Strategy Paper - PRSP (*English*)
Document de Stratégie de Réduction de la Pauvreté (*French*)
- Résumé du Document de Stratégie de Réduction de la Pauvreté (*French only*)

- Les Mécanismes de Mise en Oeuvre et de Suivi-Evaluation de la Stratégie de Réduction de la Pauvreté - Résumé (*French only*)
- Programme d'Investissement Prioritaire 2003/2005 (*French only*) Les Modalités d'Intervention dans le Cadre de l'Exécution de la Dépense Publique au Sénégal (*French only*)

By the World Bank:

- Country Assistance Strategy (*English*)
Stratégie d'Assistance au Pays (*French*)
- Cadre Intégré - Etude Diagnostique de l'Intégration Commerciale (*French*)
- Country Status Report prepared for the January 2003 Meeting of the Strategic Partnership for Africa (SPA) (*English*)
Rapport sur la Situation de Pays préparé pour la Réunion de janvier 2003 du Partenariat Stratégique avec l'Afrique (*French*)

By the United Nations Development Programme:

- Programme National de Bonne Gouvernance (*French only*)

Welcome by the Chairman

4. In his capacity as Chairman, Mr. John McIntire, Country Director for Senegal, welcomed all delegations to the Fifth Consultative Group, noting that the Senegalese Government's Delegation was being led by the Prime Minister, His Excellency Idrissa Seck.

Opening Statement by the International Monetary Fund (IMF)

5. Ms. Lelde Schmitz, Head of the IMF Delegation, expressed her pleasure to participate in the CG Meeting, together with development partners who came to explore how best to support Senegal's Poverty Reduction Strategy (*Annex III*). To support the Government's economic program for 2003-2005, she announced that the Executive Board of the IMF approved Senegal's request for a new three-year arrangement under the Poverty Reduction and Growth Facility (PRGF), as well as additional interim assistance from the Fund under the enhanced Initiative for Highly Indebted Poor Countries (HIPC).

6. Ms. Schmitz stressed that the Government's program was elaborated from a study conducted by the Fund's Independent Evaluation office, which examined the experience of countries that have had frequent recourse to IMF financing over the last two decades, and investigated the reasons for prolonged use and its consequences. She shared four emerging themes from the results of the study: (i) significant progress was achieved under Fund-supported programs toward solving critical economic problems; (ii) the success of programs critically depends on country ownership and political commitment to reforms; consequently, the study strongly recommended that country authorities should have the main responsibility for proposing a reform program, and that programs should specify how policies could broadly respond to risks; (iii) program assumptions need to be realistic with respect to targets, uncertainty and risks; and (iv) programs should pay particular attention to fostering institutional changes and strengthening implementation capacity. These four tenets became important coordinates when Senegal's economic program was framed.

Opening Statement by the European Commission (EC)

7. In his statement (*Annex IV*), Mr. Sipke Brouwer, Head of the EC Delegation, commended Senegal on its respect of democracy and human rights, and its stability in a sub-region threatened by many political and military conflicts. He also commended the Government on its active role in promoting the NEPAD initiative (New Partnership for Africa's Development).

8. Mr. Brouwer then focused his statement on important ways to improve the effectiveness of the fight against poverty and to establish sustainable growth. First, he stated that the Poverty Reduction Strategy Paper (PRSP) should be an ongoing process with close monitoring of its implementation. He proposed, for example, an annual review of the PRSP integrated in the annual budgetary cycle; a medium-term expenditure framework; and the definition of precise and representative performance indicators, enabling the periodic follow-up of progress achieved and the effectiveness of mobilized resources.

9. Second, to foster economic growth, Senegal should not only rely on external assistance, but also develop a private sector environment conducive to investments and the creation of new enterprises. Mr. Brouwer encouraged the Government to pursue its efforts to implement an action plan for the private sector.

10. To conclude, Mr. Brouwer highlighted the importance of good governance as a way to optimize the effectiveness of public funds and external assistance. This would entail (i) implementing the recommendations of the recent Country Financial Accountability Assessment (CFAA) and of the recent Country Procurement Assessment Report (CPAR); (ii) pursuing the decentralization process; and (iii) resuming actions towards the development of the Casamance region, which the EC and the donor community are willing to support financially.

Opening Statement by the United Nations Development Programme (UNDP)

11. Mr. Abdoulaye Mar Dieye, Head of UNDP's Delegation, introduced his statement (*Annex V*) by commending Senegal and its development partners for their presence in this important Consultative Group meeting, thereby conveying the dynamism of the cooperation between Senegal and the international community, the strong willingness to assist national actors in meeting the challenges inherent in poverty reduction, and the achievement of the Millennium Development Goals (MDGs). He also commended Senegal for making itself eligible to receive active support from the Bretton Woods institutions, namely through a three-year arrangement under the PRGF with the IMF and through the enhanced HIPC debt relief initiative.

12. Mr. Dieye summarized UNDP's various activities to support the development of Senegal, and further explained the role of the National Program on Good Governance, whose implementation should help sustain the civil service modernization exercise; the ongoing decentralization process; the intensification of economic management, especially through substantial support to the implementation of the Action Plan for public finance reform (CFAA-CPAR); and the improved management and coordination of external aid.

13. He gave assurance that the linkages between the PRSP and the United Nations Framework for Development Assistance (UNFDA) are perfectly integrated at both central and decentralized levels and that the orientations and recommendations emanating from the CG consultation would be readily taken into account and translated into the operational plan. UNDP and the United Nations agencies will continue to support the capacity building efforts and the implementation of the Government's priorities. Support will also be given to the Government's

efforts towards strengthening the PRSP and MDGs by making provision for the establishment of the Observatory for Poverty, Living Conditions and Human Development.

14. In conclusion, Mr. Dieye reiterated UNDP's availability to work with the Government and the development partners to help Senegal meet the challenges inherent in reducing both poverty and economic vulnerability and in strengthening the foundations of its development.

Opening Statement by the World Bank

15. In his opening statement (*Annex VI*), Mr. John McIntire, Chairman, outlined the difficulties encountered by Senegal that could curb the attainment of the Millennium Development Goals. To facilitate progress in this direction, the Government of Senegal has adopted a PRSP focused on four basic pillars: wealth creation; capacity building and promotion of basic social services; improvement in living conditions among the vulnerable groups; and a participative approach to implementation and monitoring, based on the decentralization of management and execution. He stated that the PRSP is based on a participatory process and that it contains a well laid-out program which precisely describes poverty, defines areas where action is necessary to reduce poverty, and identifies measures to be implemented in those areas.

16. Mr. McIntire identified the possible lack of political will as an impediment to the PRSP's implementation and to the efficient undertaking of reforms that might impact negatively on some specific groups, but that would benefit the society as a whole.

17. He raised the most critical challenges remaining for Senegal, namely: (i) in the education sector, improving the education indicators, gender equity, and literacy; (ii) in urban areas, tackling the problem of traffic, pollution, and lack of access to modern services; (iii) in the fisheries sector, facilitating access to resources and setting a regulatory framework to prevent over-fishing; (iv) protecting investors' rights and improving the business climate in order to promote exports; and (v) in the fight against corruption, reducing administrative slowness and fully penalizing acts of corruption.

18. In closing, Mr. McIntire stated that the World Bank envelope for Senegal will depend on performance. He encouraged all participants to address the above issues with openness and determination.

Opening Statement by the Senegalese Delegation

19. His Excellency Idrissa Seck, Prime Minister, elaborated on the Government's strategy aimed at reducing poverty by half around the year 2015, as well as achieving the Millennium Development Goals for Senegal (*Annex VII*). He stressed that the strategy included the urban and rural poverty profile as outlined in the poverty diagnosis and the studies conducted with the participation of different segments of the population. This formed the basis for a Priority Investment Program, detailing sectoral programs that are essential to the PRSP's implementation. The related programs and projects will basically focus on health and nutrition, education, improvement of soil productivity and labor, absorption of technological progress, access to credit, mastery of demographic variables and population trends, gender, and environmental issues.

20. The Prime Minister invited the development partners to support the Priority Investment Program mainly through budgetary assistance. He also presented the institutional framework for the monitoring and impact evaluation of the Poverty Reduction Strategy.

21. Mr. Seck concluded by mentioning the financing needs related to the PRSP action plan and by expressing confidence in the donor community's willingness to accompany Senegal towards progress.

Session on “Analysis of Poverty”

Presentation by the Government of Senegal

22. Mr. Thierno Niane, Chief of the Coordination, Monitoring and Strategy Evaluation Unit, Ministry of Economy and Finance, highlighted the features of poverty in Senegal. First, according to the 2001 Survey on Poverty Perception, poverty is mainly a rural phenomenon (72 to 88 percent in the rural areas, against 44 to 59 percent in urban areas). Second, the level of school education is very low among poor heads of households. Third, the level of poverty stands at 67.4 percent in households led by men, against 58.8 percent in households led by women.

23. Mr. Niane also commented on the roots of poverty, which include a lack of substantial investments in rural activities, weak rainfall, a low percentage of children going to school, inadequate infrastructure and staffing in the health sector, and a lack of access to drinking water. The Government of Senegal has elaborated a strategy aimed at (i) promoting opportunities for wealth creation, (ii) helping poor populations through capacity building, and (iii) ensuring the protection of vulnerable groups.

Session on “Wealth Creation”

Presentation by the Government of Senegal

24. Mr. Aliou Faye, Coordinator of the Economics Unit, Ministry of Economy and Finance, introduced the theme of Wealth Creation by listing its objectives, which are to (i) draw substantial incomes for the urban and rural poor; (ii) create an institutional and economic environment conducive to the promotion of productive sectors and private initiative; and (iii) develop employment opportunities, trade, and other sectors to reinforce the national market. Mr. Faye identified the following main sectors to be developed: agriculture, livestock, fisheries, forestry, small and medium enterprises, small and medium industries, agribusiness, private sector and other economic sectors such as mines, energy, public works and new technologies. He also indicated the supporting measures for wealth creation; namely, an employment policy aimed at increased access to employment for the poor, and the implementation of a sound macroeconomic framework encouraging appropriate budgetary and monetary policies.

Intervention by the Agence Française de Développement (AFD)

25. Ms. Françoise Chalier, Regional Coordinator for Senegal, Cape Verde, Guinea-Bissau and The Gambia, focused her intervention (*Annex VIII*) on the importance of private sector promotion in the wealth creation strategy. She recalled the efforts made by the Government to foster the development of the private sector in order to strengthen the competitiveness of the Senegalese economy. She stressed that international donors were eager to support the Government's policy of private sector promotion and that they were working with the Senegalese authorities and private sector partners to put in place numerous additional programs to support the private sector.

26. Ms. Chalier mentioned the interventions of the World Bank in private sector development and disclosed AFD's program, whose objectives are to facilitate (i) consolidation of the Senegalese economy through improving private sector productivity and integration; (ii) diversification of the Senegalese economy by supporting its most dynamic components; and

(iii) acceleration in the expansion of the Senegalese economy by improving external investment and exports. To monitor the program's progress and the development of the private sector in the economy, a "Competitiveness Watchdog" has been created.

27. In order to ensure the success of the proposed program, Ms. Chaliar encouraged the Government to (i) show strong commitment to strengthening the private sector and the rationalization of the support framework; (ii) continue close consultation with private sector partners; and (iii) coordinate the interventions of donors more effectively.

Intervention by the African Development Bank (AfDB)

28. Dr. Gilbert Galibaka, Country Economist, thanked the World Bank and the Government of Senegal for inviting the donor community to the Consultative Group meeting devoted to the implementation of the Poverty Reduction Strategy in Senegal (*Annex IX*). He announced that the CG meeting was being held one week from the presentation, to the AfDB Board of Directors, of the 2002-2004 Country Strategy Paper for Senegal. AfDB's strategy defines the areas in which the institution will be able to support wealth creation within the framework of the PRSP. Dr. Galibaka summarized the main points on which the strategy was focused and stated the conditions for its implementation, namely in terms of developing a favorable institutional framework. He then listed the challenges and risks of the strategy.

29. Dr. Galibaka concluded by elaborating on AfDB's contribution to the wealth strategy over the period 2002-2004. This strategy will cover: (i) rural development with special emphasis on irrigation schemes and rural electrification; (ii) human resource development with the pursuit of actions in the areas of education and health; (iii) support to reforms to consolidate the macroeconomic framework; and (iv) reinforcement of the capacities of the Office of Forecasting and Statistics and the PRSP monitoring unit, with a view to making operational the strategy's monitoring and evaluation arrangement.

Session on "Capacity Building and Improvement in Living Conditions among the Vulnerable Groups"

Presentation by the Government of Senegal

30. Mr. Thierno Niane, Chief of the Coordination, Monitoring and Strategy Evaluation Unit, Ministry of Economy and Finance, discussed the main areas of capacity building implementation and improvement in living conditions among the vulnerable groups. They mainly involve human resources, natural resources and social aspects, including good governance.

31. On the human resources side, capacity building will be made effective through: (i) education (access to basic education for the poorest populations, especially for girls, and eradication of illiteracy); (ii) health (greater access to health services for the poor, development of community-based health services, and improvement of hygiene conditions); (iii) greater access to drinking water; and (iv) improved organization of urban and rural transport.

32. Concerning natural resources, measures will be taken to develop forestry, safeguard the fauna and flora, fight desertification, and improve rural sanitation.

33. At the social level, building capacity requires good governance and further implementation of the decentralization process.

34. Finally, regarding the improvement of living conditions among the vulnerable groups, Mr. Niane enumerated the measures to be taken in favor of children, women, the disabled, the elderly, and refugees, in order to facilitate their access to basic infrastructure and social services.

Intervention by Japan

35. His Excellency Akira Nakajima, Ambassador of Japan in Senegal, began his remarks (*Annex X*) by encouraging Africans themselves to make the most of their potential and exercise ownership in order to promote development, to alleviate poverty and to raise the standard of living in Africa. He also stressed the role of development partners, who should extend their cooperation and help Africa enhance its capacity in all fields.

36. In the capacity building area, Ambassador Nakajima announced Japan's new policy to help Africa, namely by providing an assistance package of US\$2 billion for education that targets poorer countries in Africa and provides optimum use of the Center for Professional and Technical Education in Dakar as a West African technical training center. The new policy also includes a three-year technical assistance project aimed at establishing a solid system of sustainable water use, thereby improving living conditions of local populations, including women.

37. To assist the socially vulnerable, Japan intends to promote policies in favor of those whose survival, life and dignity are in danger, i.e., policies for child protection, vocational training, increase in food production, and community regeneration. Also included are assistance in the repatriation of displaced persons and the improvement of living conditions of refugees, in collaboration with local NGOs and United Nations organizations. In this context, a Grant Assistance Program for Grass roots and Human Security Projects will be used to fund beneficiaries such as NGOs and research organizations, as well as via the Fund for Human Security within the United Nations.

Intervention by the Islamic Development Bank (IsDB)

38. On behalf of the Islamic Development Bank, Mr. Sangoné Amar, Head of Delegation, expressed his sincere thanks for being invited to the CG Meeting in order to mark IsDB's solidarity and support to the Government of Senegal in its efforts to eradicate poverty (*Annex XI*). He reminded participants that IsDB has directed most of its financing to support poverty-alleviation programs, namely through education and health projects, road infrastructure to open up agricultural production zones, water supply for human and pastoral use, irrigated agriculture, and energy in the OMVS program (*Organisation de Mise en Valeur du fleuve Sénégal*).

39. Mr. Amar also informed the participants that IsDB is willing to increase its financing for the poverty reduction program in light of the initiative announced in its Ouagadougou Declaration. Within this initiative, education, health, access to drinking water, reduction of regional disparities and microfinance will be supported with the highest priority.

40. Finally, he encouraged the Government of Senegal to take particular care to simplify the legal framework, as well as the financial and budget procedures to facilitate execution of projects designed for the poor. The list of priority issues to be considered in this area would include: (i) simplification of budget and financial procedures to ensure timely availability of sufficient resources to finance operating costs and to prevent the poor from not using facilities because of lack of needed staff to operate them; and (ii) making procurement procedures easier while ensuring full financial transparency.

41. In concluding, Mr. Amar reiterated the readiness of IsDB to work closely with the Government of Senegal on these important issues and its support to Senegal in implementing its Poverty Reduction Program.

Intervention by the German Agency for Technical Cooperation (GTZ)

42. Mr. Harold Tschakert, Regional Director of the German Agency for Technical Cooperation (GTZ), spoke on behalf of the German Cooperation (*Annex XII*). He introduced his intervention by saying that Senegal has been selected as a priority country for bilateral German Cooperation. He outlined the key intervention areas of Senegalese-German Cooperation and presented the major challenges facing the Senegalese Government and its development partners.

43. Mr. Tschakert elaborated on the focal sectors for German Cooperation in Senegal, which include sustainable management of natural resources, promotion of the agricultural sector, and protection of the environment. In that regard, the German Cooperation proposes to introduce appropriate tools to reinforce capacities in the following areas: (i) economic dimensions of the environment; (ii) environmental impact studies; (iii) decentralized environmental management; and (iv) application of new information technologies. Decentralization is another area of Senegalese-German Cooperation, particularly in the regions of Kaolack and Fatick, as well as in Casamance.

44. In concluding, Mr. Tschakert expressed the German Cooperation's willingness to support the implementation mechanisms of the PRSP which are relevant for the harmonization of agricultural and environmental policies with the fight against poverty, the implementation of the PRSP at the decentralized level, participatory monitoring, and efforts to build capacities within civil society.

Special Session on "Casamance"

45. His Excellency Abdoulaye Diop, Minister of Economy and Finance, reminded the meeting that the conflict between the Casamance region and the Government of Senegal has lasted more than twenty years, but that it is now being solved. This conflict strongly weakened rural activities of small villages and towns in Casamance. Therefore, in 2001, the Government initiated a Program of Recovery for Economic and Social Activities in Casamance (PRESAC), based on actions that are mainly supported by external financing. The total cost for this Program is approximately US\$120 million (SDR 67 billion). The objectives of the PRESAC are to improve the conditions for sustainable development in Casamance and include four components: (i) mine clearance; (ii) demobilization, reinsertion, and reintegration; (iii) infrastructure reconstruction and rehabilitation; and (iv) support to community development. The components that are ready for implementation without any prior action are included in an Emergency Program of US\$32 million (SDR 18 billion). Mr. Diop submitted this program to the donor community for financing.

Special Session on "Senegal's Energy Sector"

46. His Excellency Macky Sall, Minister of Mines, Energy and Hydraulics, introduced his statement (*Annex XIII*) by bringing to the attention of development partners that because of the poor investments made during the past decade in the energy sector, it is imperative for Senegal to implement an important program of catching up and extending a good part of the existing equipment. Thus, the investment program for the whole energy sector over the 2003-2007 period amounts to some 376 billion CFAF (that is US\$591 million), broken down into sub-sectors. The

preferred mode of financing would rely on private sector involvement within the framework of well-balanced public-private partnerships.

47. For the production of electricity over the 2003-2007 period (US\$125 million), the Government decided to resort to independent producers who are in charge of looking for and putting in place the financing of new power stations, under BOO (Build-Own-Operate) contracts signed with SENELEC. To draw lessons from past privatization operations, the Government also opted for leasing, without requiring the buy-back of the existing assets by the new leaseholder. This has the objective, in a first instance, of restoring the technical, economic and financial equilibrium of the enterprise.

48. Moreover, the Government urged the development partners to support a successful recovery of SENELEC through the establishment of concessional resources in the financing of the 2003-2007 program. In that regard, Mr. Sall thanked the World Bank in particular for its readiness to contribute to the financing of the energy sector's development.

49. In concluding, Mr. Sall thanked the participants and mentioned that a donors' meeting would be organized later to give the opportunity for an in-depth review of Senegal's energy policy and its development strategy.

Session on “Implementation of the Strategy and the Terms of Intervention of Development Partners”

Presentation by the Government of Senegal on “Implementation of the Strategy”

50. Mr. Thierno Niane, Chief of the Coordination, Monitoring and Strategy Evaluation Unit, Ministry of Economy and Finance, focused his presentation on the major principles governing the implementation of the Poverty Reduction Strategy (PRS): proximity, transparency, participation, fairness, complementarity, and synergy. In order to achieve the expected goals, he explained that the institutional framework for the implementation of the PRSP is being supported at the strategic and operational levels, which entail both the formulation of the right policies and effective instruments to carry out these policies, programs and projects. Mr. Niane underlined the instruments, such as the creation of an Inter-Ministerial Committee for Orientation and Decision-making, which would ensure the coordination between the different bodies working on the implementation of the PRSP; a National Execution Committee to dialogue with the donor community; and a PRS Unit to coordinate the technical and practical aspects of PRS follow-up with the management and the technical services of the Ministry of Economy and Finance. The same type of instruments will be used for monitoring and evaluating the PRSP.

Presentation by the Government of Senegal on “Terms of Intervention of Development Partners”

51. Mr. Thierno Niane began his presentation by stating that one of the major impediments to the implementation of projects and public investment programs in Senegal relates to the difficulty in mobilizing and absorbing resources from development partners. This is due to existing gaps in the internal system of management of investments and public expenses, and to the multiplicity and complexity of donor procedures.

52. To tackle this impediment, action plans were formulated following the CFAA and CPAR exercises. They involve among others: (i) at the institutional level, the implementation of a new management system of public investments, namely an Agency in charge of promoting international cooperation, and a high-level political body to ensure the monitoring of

implementation of large projects and public programs; (ii) at the information system level, the modernization of the whole system in the Ministry of Economy and Finance, to enable more efficient management of public finances and execution of poverty-fighting programs; and (iii) at the administrative level, the improvement of procurement procedures, the simplification of channeling public expenses, the progressive and selective decentralization of financial resource management, and the effective implementation of external monitoring of public accounts.

53. In concluding, Mr. Niane underlined that the development partners expressed much interest in refining their procedures in order to facilitate the implementation of projects and programs, and he encouraged them to fully support the implementation of the above recommendations.

Presentation by the Government of Senegal on “Good Governance”

54. Mr. Thierno Niane began by explaining that the governance problem was identified years ago as one of the major challenges facing development actors in Senegal. A National Program on Good Governance (NPGG) was prepared to consolidate the democratization process and to strengthen the rule of law, as well as national development management capacities. The program was adopted in June 2002 at a national validation seminar, chaired by the Prime Minister. The expected short- and medium-term effects of the implementation of the NPGG boil down to the creation of conditions favorable to economic growth and sustainable human development through: (i) a transparent, efficient and effective institutional and administrative framework; (ii) consolidation of the decentralization process; (iii) effective partnerships between the State and private sector and civil society organizations; (iv) reassurance of a peaceful legal environment that favors the development of private initiative; and (v) a well-trained and motivated staff dedicated to the principles of good governance.

55. Furthermore, Mr. Niane underlined the six basic interlinked components of the NPGG, which consist of: improving public service quality, local governance, economic governance, legal governance, improving the quality of parliamentary work, and development of new information and communication technology.

56. Mr. Niane elaborated on the actions already undertaken since the adoption of the NPGG, which are among others: (i) an evaluation of the strategic and organizational audits of the public administration; (ii) an organizational audit of the Ministry of Foreign Affairs, and (iii) a study based on new information and communication technologies meant to improve inter-ministerial coordination.

57. In concluding, Mr. Niane disclosed the global costs of financing all the activities of the National Program on Good Governance, which were estimated at US\$35 million, US\$3.5 million of which constitute the national contribution.

Intervention by the Dutch Cooperation

58. In his intervention (*Annex XIV*), His Excellency A.H.F. Van Aggelen, Ambassador of the Netherlands in Senegal, spoke on the efficiency of development aid in Africa and the conclusions from several studies revealing that assistance has not attained the expected results. He shared the main lessons learned and encouraged the Government of Senegal to take into account the recommendations of the Special Program for Africa (SPA) mission which visited Senegal in January 2003, and to continue careful implementation of the PRSP.

59. Ambassador Van Aggelen then discussed the assistance of the Netherlands to Senegal, which would mainly support the environmental sector and the action plan for Public Finance

reform, based on the recommendations of the CFAA and CPAR exercises. Furthermore, he announced that the Netherlands was about to sign an initial convention of budgetary support with the Senegalese Ministry of Environment in the amount of 5.5 million Euros during a first period of about a year. He invited the other development partners to adopt “a program approach” as recommended by the PRSP.

60. Finally, Ambassador Van Aggelen encouraged the Government of Senegal to continue decentralization to local communities that are supposed to play a major role in the implementation of social, economic and environmental policies. These entities are democratic structures that are close to the populations and therefore can help considerably in the struggle against poverty.

Intervention by the Kuwait Fund for Arab Economic Development

61. Mr. Abdulrahman Al-Hashim, Head of the Kuwait Fund Delegation, expressed his appreciation for Senegal, which is the largest recipient of Kuwait Fund assistance in Sub-Saharan Africa (*Annex XV*). He recalled the extent of the cooperation with Senegal since the Kuwait Fund’s first intervention, and listed the five priority projects that they agreed to finance in the coming years.

62. Mr. Al-Hashim stated that, in recognition of Senegal’s heavy external debt, the Kuwait Fund intended to discuss with Government authorities ways to provide Senegal with the maximum possible debt relief within the enhanced HIPC Initiative. He also announced that a Kuwait Fund mission would visit Senegal by end-2003 to appraise the Linger–Matam road project, and hopefully sign a loan agreement of about US\$13 million.

Session on Senegal’s Financing Requirements

63. Mr. John McIntire, Chairman, disclosed the amount of contributions that Senegal’s main donors were planning to provide to the country for the period 2003- 2005. The total amount recorded was US\$1,418,560, not including the contributions of France and the Canadian International Development Agency, which were still being finalized.

Concluding Statement by the United Nations Development Programme (UNDP)

64. Mr. Ahmed Rhazaoui, UNDP’s Resident Coordinator in Senegal, spoke on behalf of the United Nations System. He focused his closing statement (*Annex XVI*) on the various contributions of the United Nations System to complement the development of Senegal. Participants were reminded that the strengthening of democratic governance represents a priority in which UN agencies, and namely the UNDP, are engaged. This priority can be achieved through improved parliamentary work, judicial reform, fight against corruption, and development of new technologies in information and communication.

65. Mr. Rhazaoui encouraged the Government and the donor community to intensify their efforts to: (i) harmonize operational procedures in order to improve modalities of payment, reduce costs and delays in transactions, all while enforcing transparency and efficiency in the management of resources; (ii) improve absorption capacity, budget management and predictability of official development assistance; and (iii) strengthen coordination and partnership, which are essential for the attainment of sustainable human development and the Millennium Development Goals.

66. To conclude, Mr. Rhazaoui reinforced the UN’s availability to work closely with the Government and development partners to provide Senegal the necessary assistance and funding to

meet the challenge of fighting poverty, reducing economic vulnerability and consolidating the bases of its development.

Concluding Statement by the World Bank

67. In his closing remarks (*Annex XVII*), Mr. John McIntire, Chairman, thanked all participants for their great contributions that ensured the success of the CG meeting. He commended the Senegalese Delegation for their very good presentations, especially on the *Cadrage Macroéconomique*, the Public Investment Program, and the *Program d'actions prioritaires*, which stressed the linkages between those investments and the poverty reduction objectives in the PRSP. Appreciation was also expressed to the development partners for their high-level and broad representation, their valuable financial and intellectual contributions throughout the sessions, and their exchange of information on the individual programs.

68. Mr. McIntire praised the quality of Senegal's PRSP, adding that the discussions testified to the strength of the PRSP as a centralizing, organizing document in the channeling of foreign assistance to countries like Senegal. He also noted the importance of the discussions on the Casamance and the energy sector, and mentioned that these topics were included at the request of the Government because they are both of very high priority: Casamance, in terms of peace and social reconstruction and development in that region; and energy, because infrastructure is indeed one of the two key inputs—with human capital—in the long-term process of economic growth.

69. Mr. McIntire ended his remarks by underlining the important next step, which will be the effective implementation of the PRSP. In order to be able to support its implementation, he reminded the Government of Senegal of the donor community's preoccupation with (i) obtaining detailed information on the preparation of the budget before it is presented to the National Assembly; (ii) receiving the detailed budget once it has been approved by the National Assembly; and (iii) receiving better information on the execution of the budget.

Concluding Statement by the Senegalese Delegation

70. In his concluding remarks (*Annex XVIII*), His Excellency Abdoulaye Diop, Minister of Economy and Finance, extended, on behalf of the people and Government of Senegal, his thanks to all CG participants for expressing their support to the vision presented and their willingness to support its implementation, as evidenced by active involvement in the debates and through financial contribution announcements. He also thanked the World Bank for organizing the meeting and France for its warm welcome.

71. Mr. Diop stated that the best way for Senegal to express gratefulness to the donor community would be to ensure the efficient implementation of the Poverty Reduction Strategy. As such, its implementation will be the framework for mobilizing all internal or external actors, in keeping with the vision of the Head of State.

72. To ensure the implementation of the PRSP, Mr. Diop informed participants that at least one Inter-ministerial Council, to be chaired by the Prime Minister, will be held every year on the subject. Mr. Diop will personally chair a meeting of the Steering Committee in order to, *inter alia*, take stock of the progress in implementing the PRSP.

73. Finally, Mr. Diop welcomed the contribution pledges made by the development partners and extended sincere thanks to all participants, wishing them a safe return to their respective institutions and inviting them to meet again.

Annexes

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

Implementing the Poverty Reduction Strategy of Senegal

Agenda for Thursday, June 12, 2003

Morning Session (9:30 a.m. to 1:00 p.m.)

Opening Statements (9:30 a.m. to 10:30 a.m.)

1. Welcome by the Chairman, World Bank
2. Statement by the International Monetary Fund
3. Statement by the European Commission
4. Statement by the United Nations Development Programme
5. Statement by the World Bank
6. Statement by the Prime Minister of Senegal

Coffee Break (10:30 a.m. to 10:45 a.m.)

Session 1: Analysis of Poverty (10:45 a.m. to 11:45 a.m.)

Moderator: Canadian International Development Agency

1. Presentation by the Government of Senegal (15 minutes)
2. General Discussion (45 minutes)

Session 2: Wealth Creation (11:45 a.m. to 1:00 p.m.)

Moderator: United States Agency for International Development

1. Presentation by the Government of Senegal (15 minutes)
2. Intervention by the Agence Française de Développement (10 minutes)
3. Intervention by the African Development Bank (10 minutes)
4. General Discussion (40 minutes)

Luncheon on Bank premises, hosted by the Chairman (1:00 p.m. to 2:30 p.m.)

Afternoon Session (2:30 p.m. to 5:30 p.m.)

Session 3: Capacity Building and Improvement in living conditions among the vulnerable groups (2:30 p.m. to 3:45 p.m.)

Moderator: French Cooperation

1. Presentation by the Government of Senegal (10 minutes)
2. Intervention by Japan (10 minutes)
3. Intervention by the Islamic Development Bank (10 minutes)
4. Intervention by the German Agency for Technical Cooperation (10 minutes)
5. General Discussion (35 minutes)

Coffee Break (3:45 p.m. to 4:00 p.m.)

6. Continuation of General Discussion (4:00 p.m.-5:30 p.m.)

Moderator: French Cooperation

*Reception hosted by the Head of the Senegalese Delegation (7:30 p.m.)
at the Senegalese Ambassador's Residence*

Senegal Consultative Group Meeting - Agenda (continued)

Agenda for Friday, June 13, 2003

Morning Session (9:30 a.m. to 12:30 p.m.)

Special Session 1: Casamance (9:30 a.m. to 10:30 a.m.)

Presentation by the Government of Senegal

Coffee Break (10:30 a.m. to 10:45 a.m.)

Special Session 2: Senegal's Energy Sector (10:45 a.m. to 11:15 a.m.)

Presentation by the Government of Senegal

**Session 4: Implementation of the Strategy and the Terms of Intervention of
Development Partners (11:15 a.m. to 12:30 p.m.)**

Moderator: European Commission

1. Presentation by the Government of Senegal (10 minutes)
2. Presentation by the Government of Senegal and the World Bank on "Terms of Intervention of Development Partners" (10 minutes)
3. Presentation by the Government of Senegal and the United Nations Development Program on "Good Governance" (10 minutes)
4. Intervention by the Dutch Cooperation (10 minutes)
5. General Discussion (35 minutes)
6. Intervention by the Kuwait Fund

Luncheon on Bank premises, hosted by the Chairman (12:30 p.m. to 2:00 p.m.)

Afternoon Session (2:00 p.m. to 5:15 p.m.)

Session 5: Senegal's Financing Requirements (2:00 p.m. to 2:45 p.m.)

Moderator: Institut Africain de Développement Economique et de Planification

1. Presentation by the Government of Senegal on the "Macroeconomic Framework and Priority Investment Program" (15 minutes)
2. General Discussion (30 minutes)

Announcement of Pledges (2:45 p.m. to 3:45 p.m.)

Concluding Statements (3:45 p.m. to 4:15 p.m.)

1. United Nations Development Programme
2. World Bank
3. Prime Minister of Senegal

Press Conference (4:15 p.m. to 5:15 p.m.)

Government of Senegal and World Bank

FIFTH CONSULTATIVE GROUP MEETING FOR SENEGAL
Paris, June 12-13, 2003

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FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

OPENING STATEMENT BY THE INTERNATIONAL MONETARY FUND

Mrs. Lelde Schmitz
Division Chief, West Africa II Division

It is a pleasure to be here together with Senegal's development partners who have come to explore how best to support Senegal's Poverty Reduction Strategy. In view of the number of voices to be heard and the breadth of issues before us, I will limit my comments to key aspects of the Fund's relationship with Senegal. As you all know, the Executive Board of the IMF approved, on April 28, 2003, Senegal's request for a new three-year arrangement under the Poverty Reduction and Growth Facility (PRGF), as well as for additional interim assistance from the Fund under the enhanced Initiative for Highly Indebted Poor Countries (HIPC). This arrangement supports the government's economic program for 2003-05. As the government has published the Memorandum of Economic and Financial Policies, which describes in detail this three-year program, I will only briefly sketch for you the genesis of the program, and how its key features relate to the government's poverty reduction strategy.

Let me take a few steps back to offer you a perspective of how the government's new program was put together. In preparing for negotiations, Fund staff and the Senegalese government were very much aware of lessons learned from the experience of long-term users of Fund resources. As you may know, in September 2002, the Fund's Independent Evaluation Office published a report called "Evaluation of Prolonged Use of Fund Resources", which examined the experience of countries that have had frequent recourse to Fund financing over the last two decades. The report investigated the reasons for prolonged use, and its consequences, and it benefited from detailed studies of three country cases, one of which was Senegal. These case studies also drew on the views of government officials in the three countries who had been involved in economic policy design and implementation.

Several themes emerged in both the general report and the specific country study on Senegal. I would like to focus on four of these themes or tenets, which, I think, are particularly relevant for our meeting, even if they may not come as a surprise for most of you. First, the report finds that significant progress was indeed achieved under Fund-supported programs toward solving critical economic problems, even if it took longer than had been envisaged at the onset of the programs. Second, the report stresses that the success of programs critically depends on country ownership and political commitment to reforms – consequently, the report strongly recommends that country authorities should have the main responsibility for proposing a reform program. Third, the report emphasizes that program assumptions need to be realistic, with respect to targets as well as uncertainty and risks, and that programs should specify how policies could broadly respond to these risks. And fourth, the report recommends that programs pay particular attention to fostering institutional changes and strengthening implementation capacity. It was these four tenets that became

important coordinates when Senegal's economic program was framed. Let me elaborate further on this.

First, significant progress toward solving critical economic problems was indeed achieved in Senegal under past Fund-supported programs. Since 1994, Senegal has managed to achieve economic growth averaging about 5 percent per year; it has maintained low inflation; and it has reduced considerably internal and external imbalances. The favorable macroeconomic outcome was achieved by a number of policy efforts, including foremost the 1994 devaluation of the CFA franc, the shift to sound fiscal and monetary policies, and progress, albeit uneven, in addressing structural impediments to growth. These achievements are all the more encouraging when compared with the macroeconomic situation prior to 1994: these years were marred by negative per capita economic growth, unsustainable fiscal and external account deficits and macroeconomic instability—thus an environment had emerged in which poverty reduction became impossible. Looking ahead, the challenge is now to preserve the gains made since 1994 while continuing to tackle obstacles to even faster and more broad-based growth so as to give a chance to rapid poverty reduction.

Second, the government fully recognizes that the success of the program critically depends on ownership and political commitment to reforms. Indeed, the authorities showed strong ownership throughout the preparation of the program. In particular, the Memorandum of Economic and Financial Policies is a government document, which was not only discussed and agreed within the government but also drafted by the government. More importantly, the program is the first in Senegal to be grounded in the Poverty Reduction Strategy, both in its design and in mechanisms of implementation. In designing the economic program, the government selected priority components from the broad policy agenda of its PRSP and it determined with caution the scope and sequencing of reforms, as it wanted to ensure tangible results in the short to medium term. In other words, the government has started out with a manageable agenda of selected but far-reaching reforms. Over time, as circumstances permit, it will branch out into tackling the wide range of comprehensive sector policy reforms. Reflecting this prudent approach, the economic assumptions and targets of the program are based on those PRSP scenarios that are conservative with respect to the government's capacity of implementing projects and programs, aid availability, and the private sector's response to reforms. More specifically, the economic program focuses on finishing the agenda of institutional and structural reforms that should help public finances stay on a prudent course also in the longer run, ensure a more efficient use of public resources, and remove key obstacles to private sector development. These policy reforms pick up key themes of the PRSP, in particular (a) the need to increase transparency and effectiveness of public expenditure management, (b) the priority attached to public investment in social sectors with an emphasis on the rural communities, (c) efforts needed to improve the business environment, and (d) the poverty and rural focus in the reform agendas concerning the electricity, groundnut, and postal sectors.

Regarding the third tenet, that programs need to reflect realistic assumptions and specify how policies should respond to uncertainty and risks, I just mentioned to you that the government chose to base its macroeconomic policy for the medium term on the more cautious scenarios of the PRSP. Clearly, these assumptions, as well as the scope of government policies under the program, will be reviewed in light of actual implementation and international economic developments. In several areas where policies are only broadly sketched in the PRSP, the government will continue to define its objectives and strategy, and these will be incorporated in a flexible manner within the program's overall macroeconomic framework. Thus, the program design attests to a prudent and flexible approach. In this spirit, particular attention was paid also to all types of risks to the program objectives, and to identifying policy responses to risks such as a sharp increase in petroleum prices, or

the poor performance of large parastatals, or shortages of cereal and groundnut supply, or external risks emanating from conflicts in the region. Particular attention has been paid to the problem of risks in order to preempt poor ad hoc policy responses. Experience has shown that these often came at the expense of addressing development challenges. While contingencies can never be fully anticipated, and exogenous shocks cannot be eliminated, we think that the strong attention to risks in the preparation of the program does enhance its chances of success.

As noted earlier, the fourth and final tenet calls for the strengthening of institutional structures and implementation capacity. One of the four pillars of the PRSP, and possibly its most important for the success of the Poverty Reduction Strategy, is to build capacity for all agents, public or private, involved in the fight against poverty. This is clearly an area where all of us, government and development partners, have an important role to play, as well as a joint responsibility to fully coordinate our actions under the government's leadership. Capacity building, as much as the schools, health centers and rural roads that still need to be built, will require time, resources and technical knowledge, which donors can help bring to Senegal. Ultimately, however, only the government, in partnership with Senegal's vibrant civil society organizations, can establish and foster good governance, the defining quality of growth-supporting institutions, in the public and private domains.

Let me close by wishing the government well on its program, and thank you for your attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

OPENING STATEMENT BY THE EUROPEAN COMMISSION

Mr. Sipke Brouwer
Director for West and Central Africa
and Caribbean and OCT's, DG Development

On behalf of the Member States present in Senegal and of the European Commission, I would like to thank the Government of Senegal and the World Bank for the organization of this meeting between Senegal and its partners. We consider that it marks an important stage and hope to have a constructive dialogue around relevant questions for the economic and social development of Senegal and, more specifically, of the topics included in the PRSP.

Mr. Minister, the principal aim of this meeting is to obtain the Senegalese government's appraisal on the socio-economic situation of the country and to exchange views on its vision and its strategy on poverty reduction, to create the conditions of sustainable economic growth and to improve the living conditions of the people. For our part, we would like to make sure that we share the same priorities and approach the manner of establishing an effective partnership for the implementation of the policies that the Government intends to lead.

Senegal is a democratic country, respectful of stable human rights and in one sub-region where the political and military conflicts are numerous. The international role that it plays is recognized as a determinant in the plan of political stability and in the resolution of the conflicts in the sub-region. Similarly, we congratulate you on the active role that Senegal played to promote and carry out NEPAD, this promising initiative for the African countries.

Mr. Minister, the development partners have always endeavored to be at the side of Senegal to give technical and financial assistance for its development; but they recognize, with you, that the external aid flows from which Senegal benefited during the past years did not make it possible to obtain all the expected results. The years that followed the last meeting of the Consultative Group of 1998 showed constant real economic growth. Nevertheless, although one could observe some aspects of success in the fight against poverty, this fight, in which we are engaged together, remains far from being won. It appears today that the conditions needed for social and economic development are favorable.

Mr. Minister, allow me, on behalf of the Member States present in Senegal and of the European Commission, to share with you some elements which are, in our view, crucial to improve the effectiveness of the fight against poverty and to establish sustainable growth. We hope that we will be able to agree on questions which appear essential to us and that can be centered around three main principles, namely: the PRSP and its mechanism of implementation; the type of growth which will enable Senegal to achieve the goals that it set itself; and good governance as a means of optimizing the effectiveness of public funds and external aid.

First of all, concerning the PRSP, we are all of the opinion that it should serve as a basis for the definition of clear, realistic and measurable priorities for sustainable development of the country. It has to enable the government to define priorities in its national policy; and, for us development partners, it should be able to serve as a framework for the design of programs, in accordance with the objectives and priorities of the PRSP.

However, while the PSRP presents a national ambition and the indicators selected have an overall scope, the PRSP contains a priority Action Plan which refers to a limited list of projects reflecting only partially the government's action. This approach, in our view, considerably restricts the scope and the potential of the PRSP. It is essential for us that the PRSP is not a separate and isolated program, but that the financial elements that it contains reflect your national policy, and that the action plans which result from it find their application under the existing sectoral programs or those to come.

The PRSP is a process and not an end in itself. This is why the methods of implementing the PRSP are as important to us as the document itself. For us, the establishment of a phasing of the key stages in the monitoring of the PRSP is a priority. In this connection, it is 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 and a Medium-Term Expenditure Framework, thus enabling the government to direct budgetary programming in a timely manner taking into account the expected resources of the donors.

Lastly, in the framework of the PRSP, it is important to define precise and representative performance indicators which make it possible to follow not only the progress achieved towards the developments expected in five or ten years, but also, each year, the effectiveness of the resources that have been mobilized. A system for collecting these indicators has to be set up as soon as the indicators themselves have been identified. That appears to us to be the best way of showing the government's commitment to fulfilling its objectives.

On the second point on means of economic growth, it appears essential to us that the Government places emphasis on an economic and growth strategy which is coherent with its sectoral policies. At the present stage the PRSP has a growth target of 8% in 2005, based primarily on the absorption of additional resources awaited for the implementation of the PRSP. However, the macroeconomic framework currently in place, even if it envisages an increase of approximately 50% of the resources coming from the financial partners, does not make it possible to achieve this growth target. In addition, it is recognized that the absorption rate of external resources has not met expectations in recent years. One must, consequently, wonder about the cogency of this strategy which, it seems, is based mainly on external aid resources and the increase in the capacity for their absorption.

In our opinion, growth cannot be achieved only through external aid. The determining factor for economic growth, the creation of wealth and the fight against poverty lies essentially in the development of a productive private sector, in a favorable environment where the State plays its regulatory role. In this context, the investment of the private sector and the establishment of new companies, whether they are local or multinational, will be the principal source of creation of incomes and of jobs. It is clear that the decision to invest falls above all within the competence of the entrepreneur; but it is the State's responsibility to create a favorable environment with suitable incentives for investments. That requires the adoption of transparent administrative

procedures, of one-stop shops to facilitate and accelerate the recording of formalities, of reliable and effective justice, as much as political and economic stability. That is why we would like to encourage the Government to continue its efforts through the adoption of an action plan for the private sector.

Another challenge, connected with the preceding one, for the search for sustainable growth, consists of better integration of Senegal in regional and world trade. It must be remembered that in spite of the free access to the European market granted unilaterally by the European Union to the products of Senegal, the country did not succeed in developing its export capacities. During the last decade, Senegal's exports fell on average by 2% a year (in value), while the exports of sub-Saharan Africa recorded a rise. Moreover, they saw a reduction in their contribution to the GDP. The diversification of exports, especially for manufactured goods and services, the improvement of the productive capacity, and better productivity of Senegal should be able to reverse this tendency. To this end, the Framework for technical assistance relating to trade should make it possible to better identify the needs of Senegal in the field of trade and better co-ordinate the projects of donors. This concern should be incorporated into the PRSP.

In addition, it is important to approach the growth strategy in the sectors of agriculture and fisheries, retained in the PRSP, as priority sectors to reduce poverty where it is most acute. In this spirit, we encourage the Government to supplement, in consultation with the donors, the process of preparing sectoral programs for agriculture and fisheries, which are currently lacking. Among the objectives sought, the accent will have to be placed on development of these sectors, reconciling, at the same time, good governance and the durable use of the natural resources.

We recognize that good governance (an objective of NEPAD and the PRSP) encompasses politics, rule of law, human rights, democracy, economics, and the quality of the public administration.

We would like to stress the importance of the quality of the management of public finance to ensure that public funds and donors' contributions are used in an effective and transparent way. In this connection, we encourage the Government to continue the approach of giving priority to budgetary assistance as recommended in the PRSP. For that, it will be necessary to implement the recommendations of the recently finalized diagnosis on the management of public finance and the management of public programs - CFAA and CPAR - which should allow for sound preparation and budgetary programming, correct implementation, and awareness of the need for accountability, by respecting the crucial role that the national Parliament and the Court of Auditors have to play. This should improve the absorption capacity and mobilization of funds by the services of the State, a key hypothesis of the strategy underpinning the PRSP.

It also appears important to us to ensure that the process carried out with regard to good local governance, with decentralization, be continued. The local authorities are indeed required to play a major role in the implementation of public expenditures in the social sector. Just as great efforts were undertaken to associate them in the drawing up of the PRSP, it is advisable to make sure that they have the necessary means to carry out their new missions and to endow them with a management framework making it possible to do so in all transparency.

Lastly, the resumption of actions for the development of Casamance constitutes a major challenge for good governance and economic growth of Senegal. To this end, the efforts carried out by the Government to restore the political and social stability of this region deserve to be underlined. We are willing to accompany such a process through the financing of the Casamance development program prepared and updated in co-operation with the donors.

To conclude, Mr. Minister, we would like to stress that this intervention, given on behalf of the Member States present in Senegal and of the European Commission, is made in a constructive spirit. We think that the Government of Senegal can, with the support of its partners and by actively coordinating this support, make a success of its development aims and of poverty reduction through effective implementation of the overall PRSP, by paying close attention to the priority sources of growth, which are the private sector and trade, and through improved absorptive capacity of external resources generated by good governance.

Thank you for your attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

OPENING STATEMENT BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

Mr. Abdoulaye Mar Dieye
Director, Africa Region

It is an honor and a real pleasure for me to take the floor in the name of the United Nations Development Programme at this important consultative meeting between the Government of Senegal and its development partners.

I am bringing to you a message of support, solidarity and wishes for the success of this Consultative Group meeting from Mr. Marc Mallock Brown, our Administrator. I would also like to transmit to you apologies from Mr. Abdoulie Janneh, Director of UNDP-Africa, who could not join us at the last moment due to circumstances beyond his control.

Your Excellency, the Honorable Prime Minister,
Ladies and Gentlemen,

This Consultative Group Meeting, the first of its kind since 1998, is taking place at the right time to strengthen the policy dialogue and the continual process of consultation that Senegal has been successfully developing. It comes within a highly strategic agenda based on joint commitments made by Senegal and the international community, which enhances a long-term vision of development, emanating particularly from the Millennial Summit. It also helps to federate the human development promotion initiatives around the multi-sector integrated poverty reduction strategy (PRSP), formulated by the Government and unanimously approved by all the national and international actors.

The presence of the principal partners of Senegal and the participation of agencies of the United Nations System (UNS) in this important Consultative Group meeting, together with the IMF and the World Bank, expresses the dynamism of the co-operation between Senegal and the international community, and the strong will to assist the national actors to meet the challenges inherent in poverty reduction and the achievement of the Millennium Development Goals (MDGs).

In recent years, UNDP and all the UNS agencies have not only been working actively with the Government, but also with all segments of the Senegalese nation in order to formalize the analysis of poverty, support the participatory process through the organization of sectoral and regional workshops, and promote this multi-sector poverty reduction strategy.

We wish to congratulate the Government on the manner in which it conducted the entire process that has now enabled Senegal to receive active support from the Bretton Woods institutions, to conclude a triennial loan agreement with the IMF as part of the Poverty Reduction and Growth Facility (PRGF), and to benefit from important prospects linked to the “accomplishment” of the enhanced debt relief initiative for the Heavily Indebted Poor Countries (HIPC).

The political, economic and social orientations defined by the Government of Senegal, and the context in which they are placed, will allow for enhanced economic growth, better distribution of the inputs, increased investment in basic social sectors and reduction of gender disparities - all of which constitute essential challenges in the fight against poverty and inequalities.

The initiatives aimed at diversifying the productive sectors, particularly the agricultural sector and those intended to improve competitiveness and integration into the world market, ensure increased access to productive resources and reduced vulnerability to external shocks, including priorities for environmental protection and sustainable natural resource management. These constitute formidable challenges to Senegal, which all the partners are determined to meet.

Your Excellency, the Honorable Prime Minister,
Ladies and Gentlemen,

With regard to the evolution of the country's development strategies, UNDP sees in the adoption of the poverty reduction strategy and in the preparation of the National Program on Good Governance (NPGG), an effort to give concrete expression to the commitments made by the Government of Senegal at high-level world conferences organized under the aegis of UNO, and congratulates it on the quality of the dialogue and open relationship, as well as the participatory process.

UNDP played a decisive role in collaborating with the Government and other key actors at the central and/or decentralized level for the implementation of actions not only for good governance, national capacity building and civil society, but also for poverty reduction and promotion of essential social services, which constitute essential elements for achieving sustainable human development.

UNDP helps to promote policy dialogue and strengthen partnerships particularly through the framework for consultation among development partners, jointly chaired by UNDP and the World Bank, through the joint chairmanship of 2 thematic groups and active participation in the principal consultative groups, especially those entrusted with public finance reform, decentralization, private sector promotion and micro-finance, rural development and food security, environmental protection, HIV-AIDS control, gender promotion and Casamance affairs.

UNDP has not only been searching for the best ways of promoting co-operation for development under the full responsibility of the Government but also for the harmonization of interventions by the United Nations.

Generally speaking, UNDP activities have helped to strengthen the capacities of the grass roots communities and organizations for improved local governance and have provided better living conditions for the people. In this regard, the implementation of the NPGG should help sustain the civil service modernization exercise, the on-going decentralization process, intensification of economic management, especially through substantial support to the accomplishment of the Plan of Action for Public Finance Reform (CFAA-CPAR), as well as improved management and co-ordination of external aid.

Strengthening democratic governance through improved parliamentary functions, legal reforms, the fight against corruption and the development of NICT also constitute priority areas of intervention to which the United Nations agencies and UNDP in particular are committed to making contributions.

Your Excellency, the Honorable Prime Minister,
Ladies and Gentlemen,

This high-level consultation will certainly allow for a fruitful and comprehensive debate on the rich documentation based on Senegal's poverty reduction strategy. Apart from this reference document prepared at the national level, it is worth bearing in mind the orientations and strategic recommendations of the NEPAD, as tabled at the regional level, those of the World Summit for the Least Developed Countries (LDCs) and the Millennium Declaration, at the international level.

To me, it appears essential to recall the proclamation of a mutual commitment, including quantitative indicators for poverty reduction to be met by 2015 in the areas of universal primary education, gender equality, decrease in maternal and infant mortality, control of HIV-AIDS and the major endemic diseases, access to safe drinking water, and environmental protection.

Considering, in particular, the role assigned to the United Nations institutions, we wish to take this opportunity to confirm that the linkages between the PRSP and the United Nations Framework Plan for Development Assistance (UNDAF) are perfectly integrated at both central and decentralized levels and that the orientations and recommendations emanating from this consultation will therefore be taken into account and translated into the operational plan.

The United Nations Organization commends the efforts already initiated for the social sectors and urges the Government of Senegal to make full use of the mechanisms that will guarantee an effective allocation to the essential social services and increased efficiency in the poverty reduction-oriented interventions.

In this sector, UNDP and the United Nations agencies will continue to support capacity building efforts, particularly for women and vulnerable groups, in order to promote education and training, improve health care services, nutrition, control of endemic diseases and to build environmental management capacity for migrants, especially since all these actions will allow for a rapid removal of the obstacles to the development of Senegal and situate the on-going process in the context of the millennium goals that all of us are pursuing.

UNDP and the entire United Nations System actively support the implementation of the priorities set by the Government, and encourage the latter, as part of the Plan of Action for the Integrated Framework, to intensify activities of the private sector, standardize enterprises, promote SMES and cottage industry, which constitute essential priorities required to consolidate the integration of the Senegalese economy into world regional markets, and to improve employment and living conditions. UNDP also encourages the Government to promote the establishment of strategic, efficient and operational partnerships that will offer market advantages, attract investments and promote access to technologies.

With reference to the Monterey Summit and the more recent G8 Summit at Evian, UNDP and the UN System urge the Government of Senegal and the development partners here present, to intensify their efforts in order to, among other objectives:

- harmonize operational procedures so as to improve modalities for payment, reduce costs and delays in transactions, while enforcing transparency and efficiency in the management of resources;

- improve capacity for absorption, budget management and predictability of official development assistance; and
- strengthen co-ordination and partnership, the essential elements for the attainment of sustainable human development and the Millennium Development Goals.

Finally, UNDP encourages the Government to continue its efforts towards strengthening the institutional follow-up mechanism for the PRSP and MDGs and defining relevant follow-up evaluation indicators for development activities. UNDP undertakes to assist the Government in this exercise by making provision for the establishment of the Observatory for poverty, living conditions and human development.

Your Excellency, the Honorable Prime Minister,
Ladies and Gentlemen,

I would like to conclude by reiterating our entire availability to work with the Government, in collaboration with the development partners, to enable Senegal to secure the support and funds it needs in order to meet the challenges inherent in poverty reduction, to reduce its economic vulnerability and strengthen the bases of its development.

I thank you for your kind attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

OPENING STATEMENT BY THE CHAIRMAN

Mr. John McIntire
Country Director for Senegal
The World Bank

Excellency
Prime Minister
Members of the Diplomatic Corps

Senegal is at a decisive stage in its economic and social development. Despite the recent good performance, economic growth since the devaluation of the CFA franc has had only a weak impact on poverty, notably in rural areas. The disparity in incomes remains significant. Certain social indicators are lagging as compared to income levels attained. In spite of important progress in many areas, certain Millennium Development Goals won't be achieved by 2015 unless the implementation of reforms is accelerated. Inadequate infrastructure and the high cost of infrastructure services hinder development. Governmental policies—notably taxation, fiscal incentives, and administrative barriers to investment—sometimes constrain growth as they slow down private sector development.

Conscious of these difficulties, the Government adopted a PRSP centered on four fundamental pillars: (i) wealth creation; (ii) reinforcement of capacities and promotion of basic services; (iii) improvement in the living conditions of vulnerable groups; and (iv) a participatory approach to implementation, monitoring and evaluation, based on decentralized management and implementation. The Government is equally aware that it must improve its approach to implementation if it intends to take full advantage of the aid it receives. It has opted to have this poverty reduction strategy serve as a frame of reference for the interventions of all stakeholders, as well as a basis for designing sectoral development plans and investment programs.

I am of course not speaking for the other partners of Senegal and perhaps not even for the majority. But, for our part, the Bank considers that Senegal's PRSP is a good program in the sense that it (i) clearly describes the poverty phenomenon; (ii) defines the areas of action necessary to reduce poverty; (iii) identifies certain precise measures to be implemented in those areas; and (iv) is based on a participatory process.

Our concern, and here I am confident of speaking for the majority of partners, has to do with the readiness to implement the PRSP and a visionary policy to underpin it. It's no secret that Senegal has been one of the countries receiving the highest assistance in Sub-Saharan Africa since the beginning of the 1970s. The results of this aid have sometimes been disappointing, and we are all—Senegalese and friends of Senegal—asking ourselves “why?”.

In order to answer this question, I think it is essential to recognize a generic problem which, in our opinion, slows down progress towards rapid and equitable development in Senegal. This problem is that of political will to push ahead the reforms that would admittedly have negative

impacts on certain groups, but which would be highly beneficial for the society in general. To cite just a few examples, I can mention (i) the protracted crisis in Senegalese schools where the budgetary trade-offs between primary education and higher education pose an enormous obstacle to developing human capacities, especially in the rural setting; (ii) in the urban context, where rapid urbanization creates major problems in housing, transport, water supply and infrastructure; (iii) in fisheries, where the risk of over-exploitation of national fish resources is high and could lead to a significant reduction in stocks, the consequences of which would be costly on exports and employment; (iv) in international trade, where the weak growth in exports is constraining the growth of the economy as a whole; and (v) the fight against corruption and the need for better governance.

In each of these fields—education, urbanization, fisheries, international trade, the fight against corruption—we all know that studies have been undertaken and action plans have been defined, both before and after the political changeover. As is often the case with Senegal, intellectual understanding of the scope of the problem runs deep, and there is consensus on what needs to be done. I'll mention just a few examples resulting from the exchanges that have taken place:

- In the field of education, the Ten-Year Education and Training Program (PDEF) is the result of lengthy preparation work and analysis that led to an ambitious sectoral program.
- In urbanization, Senegal has been one of the leading African countries to define a suitable policy and put in place an institutional framework adapted to the urban problems of the 21st century.
- In international trade, the Government of Senegal and its partners have recently concluded a study on the integrated framework. Based on this study, an action plan has been developed whose aim is to better integrate the Senegalese economy into the world economy, especially through the promotion of exports. Measures to improve the trade system, access international markets, and reinforce national competition have been identified in order to promote fisheries, agriculture, tourism, textiles and crafts.
- Within the framework of the fight against corruption, the public has been sensitized to the issue, along with a general awareness of the negative effects of corruption and the need to eradicate it.

In each of these areas, and in spite of an acceleration in the implementation of programs since November 2002, a disconnect has been observed between intentions and implementation. To be frank, a fundamental cause of inaction has been a wavering political will that has not been reconciled with the reality that in each decision there are losers and winners. This tendency is, for me, an invisible barrier to the development of Senegal which is sometimes stronger than the tangible obstacles.

To quickly define an agenda encompassing the major challenges that now need to be faced with greater determination, I can cite the following:

- In the primary education sector, in spite of a new vision and important efforts that have been undertaken, we have to unfortunately acknowledge that enrollment indicators, equity between girls and boys, literacy, and even standard test results are not always satisfactory.

- In urbanization, it is more and more evident that congestion, pollution and the lack of access to modern services reduce economic growth and have a destabilizing effect on the social fabric.
- In the fisheries sector, even though over-fishing has become more and more of a threat, we have the impression that the Government has not been willing to take the decisive measures, notably those concerning access to the resource and the enabling environment, even if they are going to be politically very difficult in the short term, to protect the resources and the jobs generated by the sector.
- In the field of exports, we share the concerns of the European Commission on the limited and even reduced share of Senegalese exports, especially in the manufacturing sector, compared with the recent past. For us, a fundamental cause of this decline is the weak volume of national and international investments in the formal sector. We have the impression that the reticence of investors is due to their perception that Senegal has not yet done what is needed to protect investors' rights and to reform the business climate.
- In the fight against corruption and the establishment of an open business and public administration environment, in spite of positive signals since the political changeover (as indicated in the Civil Forum survey), we still observe administrative lethargy and the persistence of a tradition of not fully penalizing acts of corruption.

Development partners also need to change their approach. Concerning our role, we must break with former practices that limit stronger partnerships. Collectively, we have to see how our programs of assistance are linked with the objectives and priorities of the Government and how our famous procedures can be updated and more adapted to the context of the PRSP, which must be an effective instrument of partnership. Our message to the partners is that we are all called upon to be more responsive so that our support contributes to a significant reduction of poverty in Senegal, and to effective progress towards meeting the Millennium Development Goals which Senegal has set for itself.

For its part, the World Bank proposes in its Country Assistance Strategy a base-case scenario of about US\$290 million in credits to Senegal for FY03-05, a figure that reflects the confidence that our institution has in the country's economic management. We are trying, of course, to increase the amount allotted to Senegal, but an expansion in the envelope depends on performance which in turn depends on actions and not on intentions. By making reference to these figures, I don't want to give the impression that they constitute our fundamental message; on the contrary, that is to say that our message is "let's work first, and the means will come".

I very much hope that our exchange on the Poverty Reduction Strategy of Senegal and the agreements that we will reach on its implementation and follow-up of the fifth meeting of this group will permit our Senegalese partners to return home satisfied with the support of the international community and reinforced in their determination to achieve the objectives they have set for themselves.

But I would not wish to leave you without insisting once more on the necessity, from all sides of the table, to face up to certain questions of economic policy with greater determination, a sense of urgency, and an honest recognition of the choices to be made and their social costs.

It is now my honor and pleasure to give the floor to Senegal, to the Prime Minister. You have the floor, Sir.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

OPENING STATEMENT BY THE SENEGALESE DELEGATION

H.E. Mr. Idrissa Seck
Prime Minister of Senegal

The World Bank Director of Operations for Senegal,
The Representatives of Development Partners,
Dear Guests,
Ladies, Gentlemen,

On behalf of the people and Government of Senegal, on behalf of the delegation accompanying me and in my own name, I would like first to welcome you all to this fifth meeting of the Consultative Group for Senegal. Your presence among us illustrates, once again, the commitment of your respective countries and institutions to maintain quality partnership linkages with Senegal, for the greatest benefit of its populations. It is not usual for the State to be sentimental, but allow me to extend to you my heartfelt thanks for this.

The Director of Operations,
Ladies, Gentlemen,

In the perfect tradition of our partnership, this meeting has been convened to focus on the Poverty Reduction Strategy Paper, as a new process to identify, prepare, implement and monitor our development policies. Needless to say, it is expected that this process will bring about results in terms of reducing and eradicating poverty.

Placing our prospect within the dynamics of the major social summits of the '90s, through the PRSP and NEPAD, we submit to the international community for their support the ceaseless efforts of the Senegalese populations, in order to definitively overcome poverty, together with the remaining populations in the African continent. In effect, the development strategy that the Government of Senegal invites you to support is based on two initiatives that are similar, or even identical in substance and complementary in their implementation frameworks; namely, the New Partnership for Africa's Development (NEPAD) and the Poverty Reduction Strategy Paper.

As you know, these two initiatives have been prepared, disseminated and validated in the 2000-2002 period. They provide, on one hand, an African response to the issue of integration into the world economy, and on the other, the way proposed by the Senegalese populations in the face of the multiple constraints of non-development of African societies and economies in general, and local ones in particular. As the Heads of State and Government on the Continent decided, ensuring the consistency of both initiatives is done at the scale of the region whose economic integration offers national industries a basis for competitiveness that is adequate to face competition in the big export markets.

Such is the general outline in which the development strategy adopted by the populations and the Government of Senegal is integrated for the years to come, and the scope of which will be the focus of my statement.

In 1998, the Government engaged, in conjunction with Employer Organizations, in the preparation of a private sector development strategy. Adopted in April 1999, this strategy had to be updated after the March 2000 political changeover. It is still focused on streamlining the private initiative support mechanism around a limited number of structures, among which APIX, ADEPME, ASN and FPE are already operational. It remains to put in place a structure that is explicitly dedicated to export promotion.

In 1999, in the prospect of the February-March 2000 presidential election, national and international public opinion was strongly moved by the very high incidence of poverty and by the debt burden in Senegal and in other least-developed countries. Thus, a worldwide awareness of what can be legitimately considered as the new frontier in the building of a world that is increasingly fair and human, namely poverty eradication, was confirmed. The HIPC initiative and NEPAD, born during that period, inspire the poverty reduction strategy adopted by Senegal. This strategy is articulated around a holistic and integrated approach aimed at providing the populations with the necessary capacities, ensuring their access to the different assets and developing in them entrepreneurship for the realization of the business opportunities created in domestic and foreign markets.

The participatory approach has permitted the association of all stakeholders, in order to take their vision into account. Thanks to technical and inclusive methods, the populations expressed themselves and civil society got largely involved in the elaboration of the Poverty Reduction Strategy Paper, at the same time as all actors.

The proposed poverty reduction strategy builds on the long-term vision and the concerted efforts of all economic and social stakeholders. In this regard, it takes into consideration the profile of urban and rural poverty, as is shown by the poverty diagnosis and by the different work carried out thanks to the involvement of the various segments of the population in its preparation. The analysis of the causes, determinants and expressions of poverty and that of the living conditions of poor populations have suggested a strategy focused on four fundamental pillars: creation of wealth; capacity building and increased access of the populations to basic social services; improvement of the living conditions of vulnerable groups; and a participatory implementation and monitoring/evaluation approach, based on the decentralization of the conduct and implementation of the poverty reduction strategies.

The analyses made on poverty determinants show the importance of the “inadequate revenue” factor, in particular, and largely justify that the promotion of wealth creation in a sound and stable macroeconomic framework constitutes the first pillar of the strategy, in order to foster the increase in productive employment opportunities, including for poor populations.

Moreover, work carried out in the early ‘90s, thanks to the renewal of the endogenous growth patterns, have shown that long-term growth is closely related to the level of the already accumulated human capital stock. Furthermore, all stakeholders in the socio-economic life of poor countries, African countries in particular, agree that social capital (good governance, decentralization, social norms, etc.) and natural capital play an equally important part in long-term growth. Thus, Senegal has retained access to basic social services, capacity building, decentralization, good governance and

mainstreaming cultural values as the second pillar of its strategy in order, in particular, to raise the capital stock in general. The aim of this second pillar is to make growth sustainable and capable to meet social demand as well as to foster an increased participation of the populations in the governance of their community, particularly through effective local development and administrative decentralization policy.

The identification of the third pillar of Senegal's poverty reduction strategy is based on solidarity with the different target groups (children, women, the disabled, the elders, the youth, displaced persons and refugees, etc.) who, because they fell into poverty, are exposed to situations of vulnerability inversely proportional to their capacity to defend themselves and to react. Consequently, ad hoc programs will be implemented to reduce social exclusion factors, particularly in favor of the poor populations whose capacities for action are affected by their social status (gender), age, physical disabilities or difficult circumstances (inundations or social and political conflicts), in order for these groups to conserve the same chances and potentials as other stakeholders and benefit from the economic opportunities of wealth creation and access to social services. This pillar is further justified by the fact that vulnerable groups are, naturally, the first to suffer from the damages of a recession, and the last to benefit from the fruits of growth.

Finally, in order to ensure the efficiency and sustainability of the interventions, a fourth pillar will focus on the implementation of the strategy that permanently builds on a participatory and decentralized approach to the identification, conduct, implementation and monitoring/evaluation of the programs, ensuring the necessary promptness and transparency for their appropriation by the populations, as well as ensuring the consistency with sector-wide programs and ongoing or planned local initiatives.

The main objectives to be achieved, the strategies to be implemented and the corresponding actions identified for their significant impact on poverty have been listed on a measuring matrix. The priority actions for this matrix have been defined based on a consensus between the different actors and are listed in a priority action plan with evaluated costs, covering the 2003 – 2005 period.

In support of the policies and strategies that will be implemented, better control of population trends will be sought, pursuant to the Population Policy Statement renewed in July 2001. Likewise, the culture of peace, tolerance and solidarity will remain, within the framework of the PRS, a cardinal value of the Senegalese society, in order to prevent the exclusion and marginalization of the minorities within grass roots communities.

With this aim in view, the design, implementation and monitoring/evaluation of the programs will be based on a transversal approach that mainstreams gender in order to improve the impact of interventions and ensure equity. Taking into consideration the disparities and differences in gender roles, particularly with regard to the control of and access to resources, as well as the resulting differences in constraints, needs and priorities, will serve as a guiding principle for all components of the strategies adopted.

All things considered, for achieving its main and intermediate goals, the implementation of the PRS will build on the consolidation of the experience with the macroeconomic framework and the liberalization of the markets for goods and services. On this sound and solid basis, it will also build on programs and projects in the areas of health and nutrition, education, improvement of soil and workforce productivity, absorption of technological progress, access to credit, control of the

demographic variables and population phenomena, mainstreaming of gender and of cultural and social values, and protection of the environmental capital.

The public investment portfolio submitted to you at the same time as the strategy is aimed at giving substance to these programs and projects for the 2003-2005 period.

The sector-wide programs are considered as the main tools for implementing the PRSP. They provide a detailed description of the goals to be achieved, the nature of the activities to be executed, the intervention areas, the timetable of activities and the results expected for the different sectors concerned.

These programs will constitute a framework that is flexible enough to allow a better coordination of the interventions of the development partners who will have the possibility to provide their inputs in the areas in which they have competitive edges.

Besides, the particular attention that the PRSP attaches to the requirements of good management of public affairs, in particular at the State budget level, implies that the results to be achieved in the field of poverty reduction be based, on the one hand, on an improved information system in order to enlighten the budget choices and, on the other hand, on an improved budget process.

The obligations to produce results that are imperative for all stakeholders require, on the one hand, that the resources earmarked for the financing of priority actions come first from State contributions, debt alleviation and budgetary aid; and, on the other hand, that they be mobilized, used, and their impact assessed in a coordinated, shared and transparent way. Pending broad-based and deep reforms covering all public finances, simplification mechanisms relating to all spending in the Priority Action Program are envisaged. In the medium term, the State will extend the experience with budgets by initiated objectives in the education and health sectors, within a medium-term public spending framework consistent with the legislation on decentralization and pursuant to international standards of transparency.

Finally, the above described provisions aim at ensuring an operational handling of the participation and of the close link to be maintained between debt burden alleviation and poverty reduction. In this connection, it is anticipated that the implementation of the strategy be the occasion for building and nurturing a new partnership with the development partners, bi- and multilateral, who are, in particular, invited to coordinate their contributions in terms of volumes mobilized, procedures and monitoring/evaluation.

In the name of this new partnership, Senegal is expecting that development partners give priority to budgetary aid, whose programming over at least three years integrates the funds earmarked for projects under a program approach or within common resource basket mechanisms, at least for the financing of the priority activities of the poverty reduction strategy.

The Director of Operations for Senegal,
Ladies, Gentlemen,

I would like to close my statement by introducing the institutional framework put in place for the monitoring and evaluation of the impact of the poverty reduction strategy.

Building upon the basic principles of the strategy and in harmony with the options strongly affirmed by our decentralization policy, the institutional framework of implementation of the PRSP is articulated around two levels: the strategic level and the operational level.

The strategic level is that of the definition and formulation of policies, while the operational level is that of the execution of policies. The latter is the area of programs and projects whose execution will be monitored and evaluated through steering committees. A clear distinction between these two levels will contribute to the establishment of the conditions ensuring the good implementation of policies, programs and projects, and the achievement of the expected results.

One of the main concerns of the Government is to ensure consistency and exhaustiveness of the interventions of actors in the field. Thus, steering committees at the national as well as regional levels mobilize the administration, civil society, local communities and the private sector for good implementation of the programs by the various actors at the grass roots level. In order to strengthen its commitment to significantly improve the absorption of resources, a *sine qua non* condition for a good implementation of the poverty reduction strategy, the Government has already shown its great determination.

Besides, this is confirmed in many regards by the planned reforms that envisage, among others, the establishment of a new mechanism of public investment management and the elaboration of a harmonized legal framework for projects and programs. In addition, the improvement of procurement procedures, the simplification of the public spending channels, the gradual and selective decentralization of financial resource management and, lastly, the reinforcement and effective implementation of external audits of public accounts, are all actions that are strongly advocated in order to meet the challenges.

The establishment of a Monitoring and Evaluation system will enable a consequent distribution of roles in: (i) monitoring the progress achieved in the implementation of the strategy; (ii) evaluating its impacts through the intermediate and result indicators; (iii) monitoring and evaluating the financial execution; and (iv) the regular collection of information.

The execution of programs and projects identified within the framework of the poverty reduction strategy will be governed by guidelines which will emphasize transparency, participation, promptness, complementarity and synergy.

The Government is aware of the risks inherent in the poverty reduction strategy, including exogenous shocks likely to jeopardize macroeconomic objectives. Shortfalls in absorption capacity and current limitations of budget procedures could undermine the implementation of the strategy with regard to disbursements and resources allocations. The protection of poor populations from the harmful effect of such risks is taken into account in an endogenous way, both by the second and third pillars of the poverty reduction strategy. It will materialize through operations that are geographically targeted or time-bound, in order to reconcile the objectives of efficiency and viability.

Finally, and last but not least, with regard to the financing associated with the action plans of the Poverty Reduction Strategy, they appear clearly from the comparison of the estimated costs with the resources available in the existing programs or in the PTIP (*Programme Triennal d'Investissement Prioritaire*). The financing gap has been calculated and shared among the State commitments and the resources to be mobilized from the financial partners, including the HIPC.

The implementation of the Poverty Reduction Strategy requires additional investments of 107.6 billion in 2003, 122.8 billion in 2004 and 142.9 billion in 2005. The State's contribution to these investments stands on average at 11.6% over the period. The operating costs generated by the implementation of the strategy are estimated at 9 billion in 2003, 10.4 billion in 2004 and, 11.5 billion in 2005.

With regard to the HIPC resources, they should be earmarked for the development of the rural economy (80%) and for the peripheral zones of the great urban agglomerations (20%), more precisely in the sectors of education, health, access to water, sanitation and agriculture.

Ladies and Gentlemen,

I would like to close my statement by simply telling you that I am optimistic about the success of this important meeting. In leading the Senegalese delegation, I would like to extend the encouragement of His Excellency the President of the Republic and the expression of his profound gratitude to all participants here present, whose sole objective is to positively accompany Senegal towards the status of the emerging nations.

Thank you for your kind attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY THE AGENCE FRANÇAISE DE DÉVELOPPEMENT
ON WEALTH CREATION

Mrs. Françoise Chalier
Regional Coordinator for Senegal, Cape-Verde,
Guinea-Bissau and The Gambia

Senegal's Poverty Reduction Strategy Paper (PRSP), approved by the Bretton Woods institutions in December 2002, places wealth creation at the core of its fight against poverty. In fact, the PRSP has set the ambitious economic growth target of 4.5 to 5.5% per capita for the period 2003–2005.

In his General Policy speech to the National Assembly in February 2003, the Prime Minister made it clear that job creation was a top priority for his government and that the private sector could be the principal instrument for implementing this policy if only it would become competitive.

In this regard, the Senegalese government has been hard at work the last several years in developing a national strategy for the promotion of the private sector, aimed at strengthening the competitiveness of the Senegalese economy. It is concentrating its efforts in particular on:

- providing basic economic infrastructure and fee-based public services;
- improving the business environment;
- upgrading of businesses and their immediate environment, i.e., professional training and the financial system.

This impetus from the highest quarters of the State has also led to a rationalization and streamlining of implementation and support instruments through the creation of two implementation agencies: an agency for the development of small and medium-sized businesses (ADEPME) and an agency for the promotion of investments and public works projects (APIX). The latter agency has the additional roles of providing assistance to businesses and promoting investment. The government has further created a central agency to coordinate and implement the different programs and projects designed to provide support to the private sector and increase the competitiveness of the Senegalese economy. This has made for more effective consultation among the various groups involved in implementing the policy.

This strategic operational framework should allow Senegal to meet its international commitments. It will be recalled that Senegal, just like the other member countries of the West African Economic and Monetary Union (WAEMU), is working at opening up its economy and a gradual integration in the world economy. This integration calls for the lifting of tariff barriers as well as giving up certain trade privileges, in particular as they concern the European Union. In fact, economic partnership agreements based on free trade will replace current agreements of unilateral privileges by 2008.

Senegal's international donors are eager to support the government's policy of private sector promotion, which they believe is critical to strong economic growth and job creation.

They are working with the Senegalese authorities and private sector partners (businesses and banks) to put in place numerous additional programs to support the private sector, with a view to furthering the government's desire for a better harmonization of efforts in this regard.

The World Bank's interventions have been directed principally at:

- improving the investment climate through actions on the legislative and legal fronts as well as on the administrative environment in which businesses operate;
- supporting large-scale reforms in the areas of retirement, postal services and the groundnut industry;
- capacity reinforcement for institutions working with the private sector.

AFD, for its part, has been working in partnership with the government and the private and banking sectors to provide support to a program to strengthen the competitiveness of Senegalese businesses. This support will receive funding in 2003 and subsequent years.

These major World Bank and AFD programs dovetail with actions by other donors designed to facilitate the access of businesses to bank financing (European Investment Bank and West African Development Bank) or to create a favorable environment for the development of small businesses and the organization of the informal sector (French Foreign Affairs Ministry, USAID, CIDA, UNIDO).

The AFD program has three objectives, namely:

1. To facilitate the consolidation of the Senegalese economy through the improvement of private sector productivity and integration.
2. To facilitate the diversification of the Senegalese economy by supporting its most dynamic components.
3. To facilitate the acceleration of the expansion of the Senegalese economy by improving the rates of external investment and exports.

The program comprises:

- actions to improve basic infrastructure (water supply, electricity, rail transport) to be carried out in the framework of public sector/private sector partnerships, in collaboration with the European Union and the World Bank and in line with objectives defined by NEPAD;
- actions to strengthen global trading capacities;
- a "professional training" sub-program designed to improve the access of businesses to training opportunities as well as the diversification of such opportunities;
- a "diversification of financial systems" sub-program designed to improve the access of small and medium-sized businesses and industries to financing, to channel investments and to develop new financing instruments;

- a “business upgrade” sub-program which will receive the first AFD financial assistance to the program (the dossier will come before the decision-making body in late June).

An upgrade program is a continuous process designed to prepare and adapt a business and its environment to the demands of the free market by helping it become competitive (in the areas of product pricing and quality as well as innovation) and to be able to keep pace with technological developments and the evolution of markets. The process begins with a general strategic diagnosis of the business, which should result in an upgrade plan identifying the actions and resources necessary for a successful business upgrade: material and non-material investments, financial restructuring needs, etc.

Since 1996, AFD has provided assistance to the Tunisian industrial fabric upgrade program. The agency has drawn on this Tunisian experience, judged by most observers to be successful, in the Senegalese program. The latter program will begin by providing support to some sixty businesses in the development and implementation of their upgrade plans. It will form part of the institutional framework set up by the government to provide support to the private sector and will work in close cooperation with private sector partners and the banking sector. In this regard, the Executive Committee responsible for approving the plan and voting the amount of financial assistance will be tripartite in composition, comprising the State, private sector partners and the banking sector. The State will be represented by the Finance Ministry, the Ministry of Industry and the Ministry of Trade and Small and Medium-sized Businesses.

The specificity of the general program for the strengthening of the competitiveness of businesses will lie in the concurrent development of a program monitoring framework, “Observatoire de compétitivité” (Competitiveness Watchdog). The choice to create the watchdog from the onset of the program was motivated not only by the desire to monitor the program’s progress and macro- and micro-economic impact but also by the desire to monitor the development of the private sector of the economy. The competitiveness watchdog will rely on statistical tools available in Senegal, which it will help strengthen.

Through its continued support to the business competitiveness program, AFD hopes to contribute to the implementation of the Senegalese government’s strategy of stimulating economic growth and job creation, as well as to help it meet its international commitments regarding the opening up of its markets. From AFD’s point of view, the success of this program will depend on the continued strong commitment of the authorities to the strengthening of the private sector and the rationalization of the support framework, the continued close consultation with private sector partners and a more effective coordination of the interventions of donors, leading to a progressive harmonization of the modalities of their aid.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY THE AFRICAN DEVELOPMENT BANK ON WEALTH CREATION

Dr. Gilbert Galibaka
Country Economist

First of all, please allow me, on behalf of the African Development Bank, to thank you for having invited us to participate in this fifth meeting of the Consultative Group devoted to the implementation of the Poverty Reduction Strategy in Senegal.

We are particularly pleased that Senegal and the Donor Community have come together after an interval of five years since the fourth meeting to exchange views on the poverty reduction strategy adopted by the Government in March 2002, and to coordinate support that the same International Community intends to provide for the implementation of this strategy.

Before addressing the subject of wealth creation, I would like to take this opportunity to announce that this fifth meeting is being held one week from the presentation, to the Board of Directors of the Bank Group, of the 2002-2004 Country Strategy Paper for Senegal, which defines the areas where the AfDB will be able to support wealth creation within the framework of the PRSP.

Strategy for Wealth Creation

The selected strategy focuses on productive sector promotion, with special attention being paid to the agricultural sector, including livestock, forestry and fisheries.

The document made available to us gives a detailed description of the wealth creation strategy. For the sake of convenience, permit me to simplify things by saying that the said strategy focuses on five main points: i) consolidation of the macro-economic framework by pursuing sound economic policies; ii) implementation of sectoral policies conducive to private investment and export development; iii) reduction of the economy's vulnerability through actions to diversify farm production and improve productivity in this sector; iv) better targeting and improvement of the quality of public investment; v) capacity building and promotion of basic social services; and vi) introduction of a strategy for monitoring and evaluation facilities.

Depending on the level of investments, growth induced through the implementation of this strategy varies between 5.3% for the normal scenario, 7.2% for the optimistic scenario and 6.5% for the intermediate scenario. Undoubtedly, achieving economic growth along the path laid out by these scenarios will remain dependent on the quality of public and private investments and the absorptive capacity of the said investments. With regard to the private sector, we should commend the Government's determination to pursue implementation of the privatization program and to create incentives with a view to the emergence of a competitive private sector able to take advantage of the opportunities of the sub-regional and international market.

I would also like to point out the importance given to rural development in the creation of wealth strategy because the agricultural sector has potential, which, once developed, will enhance the said sector's GDP contribution.

Conditions for the strategy's implementation

At the operational level, the Government should: i) create the conditions for effective mobilization of domestic savings, attract private investment and absorb the resources earmarked for investment; ii) implement the recommendations on the State's financial responsibility in the areas of management and auditing of public finances, contracting, resource mobilization and utilization of the said resources for productive purposes; iii) broaden the review of public expenditures as well as the budget, by objective, in the legal sector; iv) with the support of the Bank and other development partners, improve facilities for production and diffusion of information to assist in economic decisions as well as that of monitoring-evaluation of the PRSP; and v) pursue, with the assistance of development partners including the Bank, the computer and telematic interconnection program of financial authorities at the local level and extend it to other administrations (civil service, retirement fund, postal) with a view to increasing the Senegalese economy's ability to pay taxes and its competitiveness.

Challenges and Risks

The strategy's challenge, contained in the PRSP, is the significant reduction of poverty in 2005 and 2015 by pursuing substantial and sustained economic growth and deepening macroeconomic and structural reforms. The risks of the strategy are related to: i) failure to satisfy growing social demands; ii) loss of the anticipated advantages from creation of the regional market and NEPAD projects due to instability in the sub-region, iii) persistent vulnerability of agricultural activities which can impede the upturn of the agricultural sector's contribution to economic growth; iv) the persistence of fiduciary risks highlighted by the evaluation mission on the State's financial responsibility which can affect the ability to pay taxes to the economy as well as its capacity to mobilize and efficiently use the said resources; and v) exogenous shocks (oil price variations, drought) that can compromise the macro-economic objectives. In order to attenuate these shocks, greater diversification of the economy should be undertaken so as to bring foreign currency into the agricultural sectors (horticulture, earth pea growing), fisheries (inland fishing and fish farming) and the tourist business (luxury and charter tourism).

AfDB's Contribution to the Creation of Wealth Strategy

Bank operations over the period 2002-2004 will cover: i) rural development with special emphasis on irrigation schemes and rural electrification, ii) human resource development with the pursuit of actions in the areas of education and health, iii) support to reforms to consolidate the macro-economic framework, and iv) reinforcement of DPS capacities and the PRSP monitoring unit with a view to the making the strategy's monitoring-evaluation arrangement operational.

Furthermore, within the framework of its policy to promote economic cooperation and regional integration, the Bank will make its expertise available to the Government of Senegal to give concrete expression to NEPAD and it will provide considerable support to multinational operations in the areas of road, rail and power infrastructure in accordance with banking and financial standards.

Before concluding, I would like to emphasize the importance that we attach to the coordination of our actions following this meeting, in particular through the exchange of information between the Government and its partners, in particular those not represented in Dakar, and among the donors themselves. In this regard, I would like to reiterate the recommendation already formulated during previous meetings on the publication of a letter of information for participating members, on the progress made in implementing the Consultative Group's recommendations.

Thank you very much.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY JAPAN ON CAPACITY BUILDING
AND IMPROVEMENT IN LIVING CONDITIONS
AMONG THE VULNERABLE GROUPS

His Excellency Mr. Akira Nakajima
Ambassador of Japan in Senegal

In order to promote development in Africa, to alleviate poverty and to raise the standard of living on this continent, Africans themselves are encouraged to make the most of their potential and exercise ownership. For the same purpose, the international community, as an equal partner, should co-operate and form a partnership with Africa. These thoughts are the basic principles we share today. Africa itself therefore is required to practice its ownership in order to develop human resources and build institutions and social infrastructure. Development partners, on the other hand, should extend their co-operation so that Africa can enhance its capacity in all fields. Capacity building is the shortest way toward poverty reduction.

Japan's development experience has shown that capacity building based on ownership leads to the reduction of poverty and sustainable development. From this experience, we recognize that building human capacity is the basis for building a nation and adopting an assistance policy that emphasizes human-centered development.

This May, we announced a new policy to help Africa when President Wade visited Japan. This policy covers, in keeping with the idea that nation building calls for capacity building, policy measures such as a 2 billion US dollar assistance package for education that targets poorer countries more effectively in Africa and optimum use of the Center for Professional and Technical Education in Dakar as a West African technical training center to efficiently develop human resources that would satisfy the needs in industry. Moreover, in January of this year, we started a three-year technical assistance project called "Project for Safe Water and Support for Community Activities". By enhancing the management and maintenance of water-related infrastructure built previously with grant assistance from Japan, this project aims to establish a solid system of sustainable water use and to improve living conditions of the local population including women. With these measures, we hope to contribute toward capacity building in Senegal.

The Senegalese PRSP lists four major areas for implementing its poverty reduction strategy; namely, creation of wealth, capacity building in basic social services, improvement of the living conditions of the socially vulnerable, and participative monitoring and evaluation based on decentralization of management and execution. This strategy is consistent with the New Partnership for African Development (NEPAD) and also with the areas featured in the TICAD process as leading to economic development and poverty reduction in Africa.

As a contribution to the TICAD process, Japan promotes capacity building through south-south co-operation. For example, in fisheries, we promote co-operation between Senegal and Morocco by helping Moroccan experts come to Senegal and Senegalese trainees to Morocco. We also encourage co-operation between Senegal and Tunisia in the health and environment sectors. Moreover, we support the Center for Professional and Technical Education in Dakar to be able to accept trainees from neighboring West African countries. While continuing our support for this type of co-operation, we intend to actively promote Asia-Africa co-operation in much the same way.

In societies with poverty, the socially vulnerable such as children, women, the disabled, the aged, and the displaced have difficult access to social services like public health and basic education. Their survival, their lives and their dignity are strongly threatened. Persistent poverty leads to child labor from an early age, youth crime, empty villages and urban congestion. These social issues bring greater social unrest, and this, in turn, serves to create a vicious cycle whereby social instability impacts the socially vulnerable, adding to more social unrest. Consequently and from a humanitarian point of view, we need to implement a policy for economic development and poverty reduction that creates a social safety-net in favor of the socially vulnerable.

It is from this point of view that we commend the PRSP as a sensible set of development policies that takes into account the realities in Senegal. In effect, the paper not only underlines the creation of wealth to alleviate poverty, but also focuses on improving the standard of living among the socially vulnerable, who do not always benefit from the distribution of wealth.

We strongly support the idea of assisting the socially vulnerable also from the following experience. The Asian economic crisis of the 1990s gave rise to humanitarian problems in many Asian countries. Inflation and tight control on public financing made tuition, medical fees and public services more expensive, and the reduction in various subsidies had a serious impact on the socially and physically vulnerable such as children, pregnant women, the aged, and the chronically ill. This experience made us recognize that policies to address the crisis should not only focus on economic growth but also emphasize the need to help the socially weak from a humanitarian standpoint.

In view of our experience in Asia, we would like to adopt a standpoint of promoting human security when we support the implementation of the PRSP. In so doing, we would like to promote policies in favor of the vulnerable, whose survival, life and dignity are in danger, such as policies for child protection, vocational training, increase of food production and community regeneration. We would also like to assist the repatriation of displaced persons and the amelioration of the living condition of refugees, in collaboration with local NGOs and United Nations organizations.

From these points of view, we would like to conduct our operations, in particular by making use of our Grant Assistance Program for Grass roots and Human Security Projects that funds beneficiaries such as NGOs and research organizations as well as via the Fund for Human Security, within the United Nations.

We hope that the actions under the PRSP will not only be undertaken in theory, but also executed in practice.

In terms of budget support, it is too early for the Government of Japan to take part in this kind of aid. We require, first of all, that the Senegalese government reinforce its absorptive capacity, establish a monitoring system, and ensure transparency. For the moment, we will continue our aid on a bilateral basis, but we will always consult with the Senegalese government to implement our projects.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY THE ISLAMIC DEVELOPMENT BANK
ON CAPACITY BUILDING
AND IMPROVEMENT IN LIVING CONDITIONS
AMONG THE VULNERABLE GROUPS

Mr. Sangoné Amar
Acting Chief, Poverty Reduction Division,
Country Operations Department-2

Excellency,

Mr. Chairman,

Allow me to express, on behalf of the Islamic Development Bank (IsDB), our sincere thanks to the Government of Senegal and the World Bank for their kind invitation to attend the 5th Consultative Group Meeting for Senegal.

It is a pleasure for IsDB to attend this meeting to mark its solidarity and support to the Government of Senegal in its efforts to eradicate poverty and offer real opportunities for a better life to the Senegalese people.

The Bank is also attending this meeting to participate in the consultations between the Government of Senegal and its development partners on the best ways to make this partnership more productive and fruitful.

Mr. Chairman,

It is well justified that this meeting is almost fully devoted to the Poverty Reduction Program of the Government of Senegal, which clearly demonstrates the determination of Senegal and its development partners to fight poverty and improve the living standards of the Senegalese people.

The Islamic Development Bank, in its cooperation with Senegal, has always directed most of its financing to support poverty-alleviation programs. In that regard, the projects and programs it financed attempted to develop the human resource base of the country through education and health projects, road infrastructure to open up agricultural production zones, water supply for human and pastoral use, irrigated agriculture, and energy in the OMVS program.

Without anticipating the discussions of the next session, I would like to inform the meeting that IsDB is willing to increase its financing for the poverty reduction program in light of the initiative announced in its Ouagadougou Declaration, which reaffirmed the strong desire of the Bank to increase markedly its assistance to the less-developed African members countries. Within this initiative, education, health, access to drinking water, reduction of regional disparities and micro finance will be supported with the highest priority.

Mr. Chairman,

The experience that IsDB gained from financing poverty reduction projects and programs shows clearly that the theme of capacity building for the poor is both important and relevant. The inclusion of this theme in the agenda of the meeting reflects in my view the crucial importance of issues related to building the human, financial and institutional capacities that the poor need to contribute as credible partners in the design and execution of programs and projects meant to promote their development. It is therefore essential to increase financing towards sectors such as education, training and literacy, especially in rural areas with adequate priority given to girls' education.

It is also clear that successful design and implementation of programs and projects for poverty reduction would result from the quality of partnership to be forged between the beneficiaries, the Government and the private sector. I believe that the poor will play their role efficiently in this partnership if they are fully aware of the contributions expected from them. In view of that, projects to be financed should include activities supporting information and sensitization to make the poor understand that their effective participation will be the key to efficient and durable use of facilities financed in programs designed for them.

Finally, in our view, particular care should be taken to simplify the legal framework and financial and budget procedures to facilitate execution of projects designed for the poor. The list of priority issues to be considered in this area may include:

- simplification of budget and financial procedures to ensure timely availability of sufficient resources to finance operating costs and to prevent the poor from not using facilities because of lack of needed staff to operate them; and
- making the procurement procedure easier while ensuring full financial transparency.

There is an urgent need to make good progress in these areas, and we believe that both the Government of Senegal and the development partners will make every effort to simplify their procedures to make them more easily applicable in the field.

Mr. Chairman,

In concluding, I would like to reiterate the readiness of IsDB to work closely with the Government of Senegal on these important issues and on its support to Senegal in implementing its Poverty Reduction Program.

I thank you very much for your kind attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY THE GERMAN COOPERATION
ON CAPACITY BUILDING
AND IMPROVEMENT IN LIVING CONDITIONS
AMONG THE VULNERABLE GROUPS

Mr. Harold Tschakert
Regional Director
German Agency for Technical Cooperation (GTZ)
on behalf of German Cooperation.

Senegal has been selected as a priority country for bilateral German cooperation. Since last year, Senegalese-German cooperation has focused on three key intervention areas:

- poverty reduction in rural areas (région du Fleuve – River Senegal Region and in the Bassin arachidier – Region of Kaolack and Fatick);
- support for socio-economic development for peace in Casamance;
- youth employment promotion in urban areas.

These priority areas of Senegalese-German cooperation reflect the strategic axes of the PRSP, especially "income creation" and "capacity building and promotion of basic social services", and, to a lesser extent, "improving living conditions of vulnerable groups". German financial and technical cooperation programs provide the framework for the realization of progress in these priority areas, with the help of a regional and multi-sectoral approach that is integrated into the participatory structures and procedures of PRSP implementation and monitoring and that will help reinforce these.

The strategic axes of the PRSP encompass the promotion of agriculture and the sustainable management of natural resources, as well as good governance and decentralization. These are important orientations in the fight against poverty in Senegal.

Germany is taking part in facilitating the implementation of the Convention to Combat Desertification (CCD). This can be seen not only in the ongoing projects and the programs in the preparation phase in Senegal, but also in the fact that the Secretariat of the Convention is based in Bonn, Germany.

In Senegal, the management of natural resources, agriculture and the protection of the environment are focal sectors for German cooperation, since economic development and poverty reduction in rural areas depend largely on agriculture, herding, forestry and fisheries.

Germany is involved in several ways in these sectors, from irrigated rice cultivation and pastoralism in the North, to the restoration of degraded soil in the groundnut basin, and from communal forestry management to the promotion of renewable energies and the development of environmental policies and legislation at the national level. Within the scope of the programs being prepared, the sustainable management of natural resources, the promotion of the primary sector and the protection of the environment remain major areas of Senegalese-German cooperation.

In spite of the many efforts made and results achieved by the Senegalese Government and its development partners, major challenges remain, i.e.:

- the coordination of major environmental strategies with the PRSP, mainstreaming;
- the effective and consistent implementation of environmental policies and legislation;
- the sustainable management of natural resources and the environment by local authorities and communities;
- the transnational and sub-regional management of the environment and natural resources.

We believe that the coordination of activities in this sector by the Ministry of the Environment and by representatives of local authorities should be improved. However, it should be said that coordination is not synonymous with standardization of the interventions at various levels. Coordination would aim to create synergy and complementarity among the various instruments adopted by bilateral and multilateral cooperation.

Finally, we propose to introduce appropriate tools and to reinforce capacities in the following fields in particular:

- consideration of the economic dimension of the environment;
- environmental impact studies;
- decentralized environmental management;
- the application of new information technologies.

The second element of the strategic axis, "capacity building", within the framework of the PRSP is decentralization, an area in which German cooperation is working, in particular in the region of Kaolack and Fatick as well as in Casamance. The German Embassy in Senegal is also currently chairing the donor sub-committee on decentralization.

In spite of major progress made by the Government of Senegal since 1996 in the decentralization process, local authorities have not yet been able to respond adequately to the expectations and hopes of the people. One reason for this is undoubtedly the short period that has elapsed since the effective implementation of decentralization with the transfer of supplementary authority.

One priority task of local authorities is to improve living conditions of local populations within the scope of their new authority. Poverty reduction efforts must be one of their main concerns. The PRSP and the Plan of Action for Decentralization 2003–2005 undoubtedly take this into account. However, the integration of decentralization into the PRSP and the operational and coherent incorporation of the PRSP in the Plan of Action for Decentralization should be further strengthened.

The still inadequate impact of decentralization can also be explained by the chronic lack of funds at the local authority level. At present, the local tax system is such that local authorities do not have at their disposal the revenue they need to perform the tasks expected of them. Given the importance of fiscal reform for local development, it is crucial that this reform process be completed as rapidly as possible.

Other parallel measures should be considered. Special mention should be made here of an ongoing training system for elected office holders, the transfer of additional competencies and the establishment of a local-level public service in the various local authorities.

In conclusion, I would like to underline the fact that German cooperation is willing to support the implementation mechanisms of the PRSP which are relevant for the harmonization of agricultural and environmental policies with the fight against poverty, the implementation of the PRSP at the decentralized level, participatory monitoring and efforts to build capacities within civil society.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

PRESENTATION BY THE GOVERNMENT OF SENEGAL
ON SENEGAL'S ENERGY SECTOR

His Excellency Mr. Macky Sall
Minister of Mines, Energy and Hydraulics

Prime Minister
The Minister of Economy and Finance,
Ministers,
Donor Representatives,
Ladies, Gentlemen,

It is a great honor for me to participate in this Consultative Group for Senegal, placed under the fight against poverty, whose success as we all know could not be ensured without the availability of quality energy in sufficient quantity, in particular to meet the needs for economic growth.

In the light of the poor investments made during the past decade in the energy sector, particularly in the electricity sub-sector, it is imperative for Senegal to implement an important program of catching up and extension of a good part of the existing equipment.

Thus, the investment program for the whole energy sector over the 2003-2007 period amounts to about CFAF 376 billion (Euros 573 million) of which CFAF 164 billion (Euros 250 million) is for SENELEC activities, CFAF 170 billion (Euros 259 million) for rural electrification, CFAF 29 billion (Euros 44 million) for the oil sub-sector, CFAF 5 billion (Euros 8 million) for domestic fuels, and CFAF 8 billion (Euros 12 million) for institutional support and energy control.

The report prepared by the Consultative Group and focused on the energy sector details the various components of the investment program.

In light of these amounts that may appear high for some, I am convinced that the wise application in the energy sector of the guidelines of our economic policy as defined by the Prime Minister; namely, liberalization and private sector involvement, within the framework of well-balanced public-private partnerships in terms of risk sharing, will enable us to solve, with your support, the equation of financing this program.

The choice of our institutional options in the energy sector (in this connection, see the Energy Sector Development Policy Letter, signed on April 9, 2003) has been made precisely in order, among others, to foster the financing of investments.

For the production of electricity, over the 2003-2007 period, we have decided to resort to independent producers who are in charge of looking for and putting in place the financing of new power stations, under BOO (Build-Own-Operate) contracts signed with SENELEC. Incidentally, the signals we receive from the market in this regard are promising.

As a company holding a concession for energy transport across the whole territory and distribution within its perimeter, SENELEC will deal with the mobilization of the financial resources required on the one hand, for the rehabilitation of its own production units and, on the other hand, for the transport and distribution investments. It remains understood that the cost of financing transport in the Manantali-Dakar axis will be incumbent upon the State.

Of course, the financing of the investments of SENELEC must be reviewed in light of the institutional scheme retained by the Government, who has drawn lessons from past privatization operations and the evolution of the international context with regard to the portfolio investment of the major groups operating in the energy sector.

The Government opted for leasing, without requiring the buy-back of the existing assets by the new leaseholder. This has the objective, in a first instance, of restoring the technical, economic and financial equilibrium of the enterprise.

It is vital that the Government urge the development partners to support a successful recovery of SENELEC through the establishment of concessional resources to finance the 2003-2007 program.

I would like to take this opportunity to thank those who did not wait for this appeal to show us their readiness to contribute to the financing of the development of our energy sector, in particular the World Bank.

With regard to rural electrification, a domain that the State, as you certainly noted, intends to favor with 45% of the investment program, the Government is working towards involving the private sector through various instruments, mainly including the distribution of concessions that will be granted following an invitation to tender, the Rural Electrification Fund, and International Private Companies.

Prime Minister, Ladies and Gentlemen, these are a few landmarks of the energy sector development program that I wished to share with the members of the Consultative Group for Senegal.

Pending a donor meeting focused on energy, the opportunity for an in-depth review of Senegal's energy policy, as well as its development strategy, I am at your disposal, should you have any questions.

Thank you for your kind attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

INTERVENTION BY THE DUTCH COOPERATION
ON IMPLEMENTATION OF THE STRATEGY
AND THE TERMS OF INTERVENTION OF DEVELOPMENT PARTNERS

His Excellency Mr. A.H.F. Van Aggelen
Ambassador of the Netherlands in Senegal

First of all, on behalf of my country, I would like to thank the Government of Senegal and the World Bank for organizing this meeting, which we consider important and organized at the an opportune time. The presence of several Ministers from the Government allows for a fruitful dialogue on Senegal's vision, strategy and priorities in relation to wealth creation, poverty reduction and improvement in quality of life.

The cooperation between your country and the Netherlands dates back to the Independence of Senegal. At present, our assistance focuses on supporting the poverty reduction strategy, which is the main theme of today's meeting. Our assistance mainly consists of supporting the environmental sectors and the action plan of Public Finance reform.

The underpinning of the debate on development aid effectiveness has included a series of studies, including the 1998 report on 'Assessing Aid' by David Dollar and the report of the January 2003 mission of the Special Program for Africa (SPA). They concluded that aid has not reached the expected results.

Please let me share with you three essential lessons that we learned from this debate and that you just mentioned, Mr. Minister, in your introduction:

- In part because of donor procedures, there is no real ownership of aid by beneficiary countries and many structures parallel to the public administration have been created.
- The aid is not sufficiently coordinated, and there are still too many management procedures, mobilizing in this way a large part of the management capacity at the level of recipient countries and leading to less transparency.
- The aid is unsuccessful in the countries where the scale of corruption is so large that it hampers governance, where a clear vision on social and economic development doesn't exist, and where there is a lack of an institutional capacity at the administrative level.

Further to these lessons, the Dutch Government encourages you to take into account the recommendations of the above-mentioned SPA mission. Therefore, we would like to invite you to continue careful implementation of the PRSP since the document gives a clear framework to the Government and all its partners. It provides a coherent vision on the lasting development of your country and an implementation framework favoring budgetary support complemented by concrete measures against corruption, the improvement in administrative quality, and the reinforcement of public finance management.

Although the Senegal PRSP has been accepted by the Bretton Woods institutions, there is much to do on the implementation side. Joining yesterday's declaration of the European Commission, it is first of all essential that the PRSP doesn't remain an isolated program, but finds its application in all the sectors that have a link with the struggle against poverty. According to us, sectoral strategies should be consistent with the PRSP objectives, including medium-term expenditure frameworks that take into account not only the State's financial resources but also those of the financial partners. The Netherlands strongly supports the Ministry of Environment that wishes to work according to this approach.

It seems to us that it is also necessary to elaborate a monitoring system allowing not only regular reviews to evaluate the PRSP and sectoral program efficiency, but also a real dialogue between the Government, the Parliament and civil society on political objectives and results of measures taken.

My country shares 'the program approach' and the mechanism of budgetary support recommended by the PRSP. As you know, in the coming days we will sign an initial convention of budgetary support to the Senegalese Ministry of Environment for an amount of 5.5 million Euros during a first period of about a year. We invite other development partners to join us. Your Government can contribute widely in a climate of confidence, which allows a wider and quicker adoption of budgetary assistance by improving the quality of public finance and by implementing the diagnostic recommendations of the CFAA and CPAR exercises. These represent deep reforms in the functioning of the administration. All around the world, experiences have shown that sustained political will and governments' active involvement are essential factors of success.

It seems particularly important that the system of budgetary planning should be introduced. This implies the elaboration of a medium-term Expenditure Framework, linked to the PRSP and sectoral policies. In our opinion, this also implies a responsibility of the technical Ministries and their administrations concerning planning, management and budgetary follow-up through a delegation of financial authorization and control.

Furthermore, for us, it would be necessary to lessen the emphasis on *a priori* control, and increase *a posteriori* control by giving a bigger role to the Treasury Department, the Government Accounting Office, and the Parliament. In this regard, the Netherlands wants to support an action plan for public finance reform, which is based on the recommendations of the CFAA and CPAR exercises, and we suggest adjusting the plan proposed by your Ministry in accordance with the recommendations made by the validation workshop organized a week ago. I am pleased to inform you that the Netherlands also gives its support to these reforms through the Ministry of Environment.

Finally, I would like to encourage the Government of Senegal to continue decentralization to local communities that are supposed to play a main role in the implementation of social and environmental policies. These entities are democratic structures that are close to the populations and are helpful in the struggle against poverty. It is appropriate to support them by allowing more funds and a framework to ensure transparency in their activities.

In conclusion, I would like to assure you that my speech has been made in a constructive spirit. Senegal is a stable and democratic country that has good potential for lasting development and, as a long-lasting partner, the purpose of my speech is to encourage you to capitalize on this potential. I realize that many of my preoccupations have been taken into account in your opening speech, Mr. Minister. My country counts on your engagement to efficiently implement your Poverty Reduction Strategy. Therefore, you can count on our support. Your country and its people deserve it.

Thank you for your attention.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

STATEMENT BY THE KUWAIT FUND

Mr. Abdulrahman Al-Hashim
Regional Manager for West African Countries

It is my privilege to speak today on behalf of the Kuwait Fund, to express our thanks to the World Bank and the Government of Senegal for inviting us to this important meeting, and we also express our appreciation for the excellent efforts spent on preparing the relevant documents.

I am pleased to state that the Kuwait Fund will be glad to cooperate with the Government of Senegal and with the other development partners towards the successful implementation of the poverty reduction strategy.

For us, Senegal is considered by far the largest recipient of Kuwait Fund assistance in the sub-Saharan African Region. Our cooperation with Senegal, I am pleased to say, goes back to the mid-seventies; and since then, 19 projects have been financed on soft terms in the fields of irrigation, water supply, agriculture, industry and roads. Kuwait Fund also provided one loan for balance of payment support and has extended technical assistance three times. The total amount of Development Finance provided for these purposes amounted to over 178 million US Dollars.

Furthermore, we at the Kuwait Fund fully appreciate Senegal's future needs for further development assistance, and we have agreed in principal to look into financing the following five priority projects:

1. The Linger-Matam road
2. The construction of the third shipyard
3. The supply of potable water for noto-indiosmone – pal marine towns.
4. The Labe-Medina-Gunasse road, and
5. The northern slip road, which I am pleased to say was appraised just last week, and the Kuwait Fund mission initialed a loan agreement on soft terms with the Government of Senegal for an amount of 15.6 million US Dollars. The terms are as follows:
 - 20 years maturity with 5 years' grace period
 - 2% interest with 1/2% administrative charge.

I am also pleased to state, that in recognition of Senegal's heavy external debt, the Kuwait Fund is planning to send a mission to Dakar soon after the country reaches its completion point, to discuss with Government authorities the ways for providing Senegal with the maximum possible debt relief within the enhanced HIPC initiative.

Not only this – but in October of this year, a Kuwait Fund mission will also visit Senegal to appraise the Linger–Matam road project and hopefully initial a loan agreement of about 13 million US Dollars for that purpose.

In conclusion, allow me to convey the Kuwait Fund’s best wishes to the people and Government of Senegal for continued success in their poverty reduction efforts, and to reiterate our readiness to provide all possible assistance to Senegal within the scope and parameters of Kuwait Fund operations, working closely with our other development partners in realizing Senegal’s needs.

Thank you all, and a special thanks to the World Bank for organizing this meeting.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

CONCLUDING STATEMENT BY THE UNITED NATIONS
DEVELOPMENT PROGRAMME

Mr. Ahmed Rhazaoui
United Nations Resident Coordinator in Senegal
on behalf of the United Nations System

The participation of the principal agencies of the United Nations System along with the IMF and the World Bank in this important meeting of the Consultative Group for Senegal expresses the dynamism of the co-operation between Senegal and the United Nations System as a whole, and our will to assist national stakeholders to meet the challenges inherent in poverty reduction and in the achievement of the Millennium Development Objectives (MDGs).

In recent years, the agencies of the UNS have not only been working actively with the Government but also with all segments of the Senegalese nation in order to reinforce the vision of society elaborated by President Wade and his Government.

This contribution was formalized around a United Nations Framework Plan designated as UNDAF, whose main thrust consisted in:

1. Establishing a strong advocacy for promoting human development and constructing a long-term vision of development, enhanced by activities connected with the preparation of global and regional conferences, to which Senegal greatly contributed;
2. Defining a multi-sector integrated Poverty Reduction Strategy (PRSP) unanimously approved by all the national and international actors, and which constituted a federative framework for development-oriented initiatives and interventions;
3. Implementing actions for good governance, national capacity-building, including the civil society and promoting partnerships at central and decentralized levels, which constitute the very essence of the endorsement of the developmental initiatives;
4. Supporting initiatives towards promoting key social sectors and reducing gender disparities, such challenges being crucial to the fight against poverty and inequalities; and
5. Promoting the best ways of co-operating for development, including the harmonization of UN interventions and effective support for strategic co-ordination of the co-operation-oriented reforms and actions for which the Government of Senegal takes full responsibility.

Honorable Minister,
Ladies and Gentlemen,

It is possible to illustrate, in a nutshell, the general contribution and diversity of the inputs from the UNS agencies that made it possible to support the Senegalese Government's formulation of the PRSP, to strengthen capacities for advocacy, strategic management, co-ordination and implementation of the major development programs.

The United Nations actively assisted the Government of Senegal to implement the priority programs for social sector development and reduction of extreme poverty, for which the World Bank, UNICEF, WHO, UNESCO, UNFPA, UNIFEM, UNAIDS, UNODC and IOM made available their expertise and know-how, technical support and integrated contributions.

The specialized agencies of the United Nations, such as FAO, UNIDO, ILO, UNCTAD and UNDP and its associated Funds, including UNCDF, collaborated together with the Government and civil society entrepreneurs in promoting and developing the best ways of creating wealth, employment, promoting trade and the private sector, micro-credit and grass roots development initiatives.

The United Nations System also helped in promoting policy dialogue and in strengthening partnerships particularly through support to the framework for consultations among development partners, which were jointly chaired by UNDP and the World Bank, and also the agencies' effective participation in the various thematic groups, especially those entrusted with Education, Health, HIV-AIDS Control, Gender Promotion, Public Finance Reform, Decentralization, Micro-credit, Rural Development and Food Security, Environmental Protection, Private Sector Promotion and Casamance.

Furthermore, the United Nations agencies embarked on joint operations to assist the Government and the populations in the wake of the disasters caused in Northern Senegal by off-season rains during the gap-bridging periods, or in the course of the negotiations to restore peace in Casamance.

In this regard, it is worth pointing out that the protraction of the Casamance conflict has not yet allowed for the implementation of the post-conflict assistance program envisaged by the UNS in co-ordination with the other development partners in that region. Nevertheless, the humanitarian assistance spurred by UNICEF, WFP and HCR was carried out successfully to facilitate, among other concerns, the maintenance of children at school, protection from accidents due to mines, creation of active networks for conflict prevention and management, and psychological support to families under stress.

Finally, in 2002, the United Nations agencies promoted an effective collective approach to the implementation of one of the three priorities of UNDAF – reducing poverty in the Tambacounda, the poorest region stretching over one-third of Senegal's territory. This specific exercise of concerted action for the operational implementation of UNDAF in the zone of UNS interventions is geared towards combining the efforts to which all partners are very much invited in order to reduce poverty in this region and to help achieve the MDGs.

With regard to the evolution of the country's development strategies, the United Nations System sees, in the adoption of the poverty reduction strategy and in the preparation of the National Program on Good Governance (NPGG), an effort to give concrete expression to the commitments made

by the Government of Senegal at high-level world conferences organized under the aegis of UNO, and congratulates it on the quality of the dialogue and its open-mindedness, as well as the participatory process and its endorsement.

Generally speaking, UNS activities have helped to strengthen the capacities of the grass roots communities and organizations for improved local governance, and have provided better living conditions for the people. In this regard, the implementation of the NPGG should help sustain civil service modernization, management and decentralization, intensification of economic governance, and improved management and co-ordination of external aid.

Strengthening democratic governance through improved parliamentary functions, legal reforms, the fight against corruption and the development of NICT also constitute priority areas of intervention to which the United Nations agencies and UNDP in particular are committed to making contributions.

Considering, in particular, the social development role assigned to the United Nations institutions, and commending it for the efforts already initiated for improved allocation of resources to the social sectors, the United Nations System urges the Government of Senegal to make full use of the mechanisms that will guarantee a more effective allocation of resources to the basic social services and enhanced efficiency in the management of resources earmarked for poverty reduction. In this sector, the United Nations agencies will continue to support the capacity-building activities particularly for women and vulnerable groups, in order to promote education and training, to improve health care services, nutrition, control of the major endemic diseases and HIV-AIDS, in addition to developing skills for migrants, especially since all these actions will allow for a rapid removal of obstacles to the development of Senegal and place the on-going process in the context of the millennium goals that all of us are striving to achieve.

The UNS agencies also reiterate their support of the priority actions defined by the Government with a view to improving living conditions of the vulnerable groups, preventing and managing risks, fighting against extreme poverty and vulnerability in the particular case of women, environmental protection and sustainable natural resource management, all which constitute crucial challenges to Senegal.

The UN System is willing to intensify actions in support of the diversification of productive sectors, particularly that of agriculture, and improvement of competitiveness, as fundamental elements for enhanced growth, as well as improved access to productive resources and reduced vulnerability to external shocks.

The United Nations System actively supports the implementation of the priorities set by the Government and encourages the latter, as part of the plan of action for the Integrated Framework, to intensify private sector activities, upgrade enterprises, promote SMES and cottage industry, which constitute essential priorities required to consolidate the integration of Senegal's economy into world and regional markets and to improve employment and living conditions. It also encourages the Government to promote the establishment of strategic, efficient, healthy and operational partnerships that will offer market advantages, attract investments and promote access to technologies – areas in which certain UNS agencies such as the World Bank, UNDP, WTO, UNIDO and ITU are particularly active.

With reference to the Monterey Summit and the more recent G8 Summit at Evian, the UNS urges the Government of Senegal and the development partners here present, to intensify their efforts in order to, among other objectives:

- harmonize the operational procedures so as to improve modalities for payment, reduce costs and delays in transactions while enforcing transparency and efficiency in the management of resources.
- improve capacity for absorption, budget management and predictability of official development assistance; and
- strengthen co-ordination and partnership, the essential elements for the attainment of sustainable human development and the Millennium Development Goals.

Honorable Minister,
Ladies and Gentlemen,

The agencies of the United Nations System as a whole, and UNDP in particular, reaffirm the entire availability to work with the Government in collaboration with the development partners, to enable Senegal to secure the support and funds it needs in order to meet the challenges inherent in poverty reduction, to reduce its economic vulnerability and strengthen the bases of its development.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

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CONCLUDING STATEMENT BY THE CHAIRMAN

Mr. John McIntire
Country Director for Senegal
The World Bank

I want to thank all of you for coming to this meeting. I think we've had an excellent discussion and we covered a lot of territory. Again, I think that the fact that so many of you are represented from the different multilateral, bilateral and specialized agencies, this makes it quite an important turnout. We had very high-level representation, very broad representation, and I know I speak for the Bank when we thank you for coming. This testifies to your engagement in the process of Senegal's development, your support for its PRSP, and your support for its people and society in general. And I'm sure the Minister will thank you on behalf of his government and his people.

The main points that we discussed were of course about the PRSP. And when we first suggested this, people said "well, its not traditional, it's not something that's typically done in a Consultative Group". And even though it was my idea, I think I can say that it's been a success. It allows the discussions to be concentrated around this document, and I think it testifies again to the strength of the PRSP as a centralizing, organizing document in the channeling of foreign assistance to countries like Senegal. And I think we have the advantage in the case of Senegal of having a very good PRSP.

I would like to also thank again the various partners of all types for their very good contributions. I'm not speaking of your financial contributions, which are of course very generous, but I'm speaking of your intellectual contributions: your comments on the PRSP, your comments on the sectoral issues, ranging from health to education, to water, to transport, to rural development, to structural adjustment, and everything in between. I think this is quite valued and though in my introductory remarks I said that perhaps Senegal had had a bit too much reflection and not enough action, I think, nonetheless, the kinds of reflections that you all have made here are very important and contribute to the process of sustainable development in this country.

I would like to thank all of you for discussing in detail your programs throughout these two days in the various social interactions we've had, and then in the pledging session just now. It's quite important that we're able to see what these programs are and that there be an exchange of information about them. Those of us who are in Dakar, and this is our full-time job, are very often surprised to learn that there are new initiatives or initiatives going on of which we had no idea; for example, the Linger-Matam Road that the Kuwait Fund I think is going to finance. This is a road that is highly necessary, and I was very agreeably surprised to hear that this was being done. So this, I think, is a very valuable aspect of this exchange. I think the discussions we had on the Casamance and the energy sector were also extremely important. We included those at the request of the government

because they are both areas of very high priority, one in terms of peace and social reconstruction and development in the natural regions of the Casamance, and the other because infrastructure is indeed—with human capital—one of the two key inputs into the long-term process of economic growth, which is what is really necessary for poverty reduction.

I think we also had a very good discussion of the macroeconomic framework. I would like to thank Madame Schmitz for her intervention on behalf of the International Monetary Fund at the beginning, which I think set the tone, and then the very good presentation of Monsieur Niane and Monsieur Diarisso on the *Cadrage Macroéconomique* of Senegal, on the public investment program, and on the *Program d'actions prioritaires*, which I think answered questions that many of us, including at the Bank, had about the links between those investments and the poverty reduction objectives in the PRSP. Certainly in terms of what we achieved, I would say we have a much better understanding of what Senegal's requirements are, and a much better understanding of the programs. I think we have a much better understanding of the prioritization that's within the PRSP, although I will say that there's quite a lot of work to be done in that area. To repeat, we have a much better understanding of what the specific contributions of partners are, and I believe we certainly have a strengthened sector dialogue in many areas.

In the outline of my remarks that I drafted, I had written the final section of "What is next?". The essential thing of "What is next" is, of course, the implementation of the PRSP. As I said in my opening remarks and I've just repeated, I think Senegal is a country that's benefited from a lot of reflection, but has perhaps not been so strong on what they would call *la mise en oeuvre*, and I think we all need to think very carefully about that and act as quickly and as strongly as we can to approve the implementation, certainly within the context of the PRSP.

One final remark that I want to make is that if we are to have better implementation of the PRSP—and this is a request, of course, that I have made to the Minister of Finance, the Minister of Budget and their colleagues, and one that I shall also make here again because I know it is a preoccupation of all the donors. We need much better, we need much clearer, we need much more detailed information on the development of the budget before it's presented to the National Assembly. We certainly need to receive the detailed budget once it's been approved by the National Assembly, and we certainly need much better information on the execution of the budget, which is an area that I think all of Senegal's partners find to be of particular weakness. And, if we are to support you in the implementation of the PRSP, then we certainly need to be better informed about what the budget is, how it evolves and exactly the areas in which it's been spent.

So again, to all of you, thank you very much for coming, thank you for your contributions. And the next time we do this, we hope to see you in Dakar.

FIFTH CONSULTATIVE GROUP FOR SENEGAL

Paris, June 12-13, 2003

CONCLUDING STATEMENT BY THE GOVERNMENT OF SENEGAL

Mr. Abdoulaye Diop
Minister of Economy and Finance

The Representative of UNDP
The World Bank Director of Operations for Senegal
The Representatives of the Development Partners
Dear Guests
Ladies and Gentlemen

At the opening ceremony, the Prime Minister stressed the importance of the quality of our partnership. He did so in light of the challenge facing us, that of poverty reduction and eradication.

During these two days of work on the poverty reduction strategy, you have expressed your support to the vision presented to you and your willingness to accompany its implementation by your active involvement in the debates and through your financial contribution announcements.

Thus, on behalf of the people and Government of Senegal, allow me to extend to you our heartfelt thanks and our profound gratitude. My thanks are also extended to the World Bank for the perfect organization of this meeting and to France for its warm welcome.

Ladies, Gentlemen,

I know the best way to express our gratefulness to you will be to ensure the efficient implementation of the strategy that has been reviewed and to which you have given your support.

In this regard, the urgent need for improvement in the living conditions of the populations, particularly in rural areas, demands promptness and efficiency in the execution of the different action plans for the fight against poverty.

Whether it is a question of agricultural intensification and modernization, private sector development, natural resource conservation or good governance, the implementation of the poverty reduction strategy will serve as a framework for the mobilization of all actors, internal or external, in keeping with the vision of the Head of State. The same will hold for the improvement of access to basic social services and the protection of vulnerable groups, through the exploitation of all the opportunities offered by our decentralization policy.

For an appropriate social development strategy, the Head of State urges us to satisfy both individual and collective needs from early childhood. In both urban and rural areas, the infrastructure

necessary for the improvement of the living environment as well as support to production will receive equal attention from the Government.

One sector, energy, and one region, the natural region of Casamance, will be able to serve as an example of the partnership we have renewed during this fifth meeting of the Consultative Group for Senegal. The State and its partners, both internal and external, are particularly concerned by the task of reconstruction and development of Casamance.

Ladies, Gentlemen,

The Government commits to fully playing its role in the coordination of the interventions of all, as well as in monitoring and evaluating the implementation of the different action plans agreed upon for growth and poverty reduction.

Every year, at least one inter-ministerial council will be held on the implementation of the PRSP, under the chairmanship of the Prime Minister. And I will personally chair, as and when required, a meeting of the Steering Committee in order, to, inter alia, take stock of the progress in implementing the poverty reduction strategy. The articulation of the proposed institutional framework will make coordinated monitoring possible at the national, regional and sectoral levels. Thus, the identified system of indicators will be updated on a regular basis, thanks to an information system capable of informing us on the progress achieved within the framework of the fight against poverty and towards the achievement of the millennium goals.

To conclude, I would like to reaffirm the will of the Government to mobilize all its strength in order to meet the challenge of a good implementation of the strategy, and thus achieve the goals we have assigned ourselves.

Ladies, Gentlemen,

Needless to say, we are determined; and this is reflected in the sheer size of our delegation which shows the importance, seriousness and respect we attach to this Consultative Group meeting. I would like to finally welcome the contribution pledges that have been made today. As much as, if not more than the amounts promised, we will enhance the value of the quality of our partnership, particularly as illustrated during this meeting of the Consultative Group for Senegal.

While renewing my sincere thanks to you, I wish you safe travels back to your respective institutions, and let us meet again.

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PARTNERS SUPPORT SENEGAL'S PLANS FOR POVERTY REDUCTION AND GROWTH

PARIS June 13, 2003—The Senegalese economy has shown consistent growth since the devaluation in 1994, but certain poverty indicators have not improved as rapidly as GNP. The government of Senegal is aware of this lag and has presented a comprehensive Poverty Reduction Strategy (PRSP) which outlines the importance of attacking poverty at the same time as continuing to improve the environment for growth. The Strategy and the proactive efforts of the Government have been well received by the international community, which sent a favourable message to the country today. At this fifth consultative group meeting, the government with its partners agreed on the importance of implementing the PRSP, and the donors pledged their financial and technical support to achieve these results.

The government of Senegal, led by Prime Minister Idrissa Seck, concluded a two-day consultative group meeting with development partners in Paris today.¹ The meeting which was chaired by the World Bank, discussed the PRSP with special emphasis on its implementation and focused discussions on peace in the Casamance region and progress in the energy sector.

In his opening speech, **Senegalese Prime Minister Idrissa Seck** said: *“On the slow march of our government to power in Senegal, we visited all our rural villages and discovered that 72 percent of them were still without access to all basic services, like water, health and education. This more than anything taught me about our poverty and convinced me that our government must do everything to fight it. It is in all of our common interest.”*

World Bank Country Director for Senegal, John McIntire, added *“The theme of our discussions should focus on the implementation of the PRSP. Senegal is at a critical stage in its economic development. In spite of recent good performance, the impact of growth on poverty has not been felt, particularly in rural areas. The Government has presented a comprehensive plan for altering this and now the government, together with its partners, must ensure more effective and rapid implementation of this plan.”*

Senegal outlined its program for fighting poverty and pursuing growth as well as presenting a strategy for building capacity and improving living conditions for vulnerable groups.

¹ Participants included representatives from Austria, Belgium, Canada, France, Germany, India, Italy, Japan, Luxembourg, Malaysia, The Netherlands, Portugal, Spain, the United States, the IMF, the AfDB, BADEA, BCEAO, BIT, BOAD EC, EIB, FAO, IADP, IFAD, IFC, IsDB, KFAED, OECD, OPEC Fund, Saudi Fund, UNCDF, UNICEF, UNDP, UNESCO, UNIDO, UNFPA, WFP and WHO.

The Government stressed the participatory nature in which their strategy had been formulated and their plans for ensuring its successful implementation.

Participants reviewed the government's progress and plans and congratulated the government on its commitment but noted that, while growth figures were impressive, the need to address poverty and improve the effectiveness of aid was urgent. Partners also responded by outlining the assistance which they could provide.

On the second day, there were special sessions to discuss the program for peace and reconstruction in the Casamance and the future development of the energy sector. With regard to the Casamance, the government committed itself to pursuing peace in the region and stressed the importance of its partners providing rapid assistance for reconstruction in the region. Development partners assured the government of their readiness to help. With regard to the energy sector, the Government outlined its plans for future reforms in the sector, stressing the need for investments in the sector stemming from public-private partnerships.

In closing, partners reiterated their congratulations to the government and encouraged Senegal to maintain its commitments to reduce poverty through sound implementation and continued reform. They also concluded by emphasizing their financial and technical support to help Senegal obtain the challenging development objectives outlined in the PRSP.

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For more information on Senegal and the World Bank's activities there, please visit the following website:

<http://www.worldbank.org/afr/SenegalCG2003>