

REPUBLIC OF SENEGAL

One people - One goal - One faith

POVERTY REDUCTION STRATEGY PAPER

2002

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ACRONYMS AND ABBREVIATIONS

ADPME	Agence de Développement des Petites et Moyennes Entreprises (Development Agency for Small and Medium Enterprises)
AGETIP	Agence d'Exécution des Travaux d'Interêt Public (Executing Agency for Works of Public Interest)
CAE	Consumption by Adult Equivalent
CIB	Consolidated Investment Budget
CNCAS	Caisse Nationale de Crédit Agricole du Sénégal (National Agricultural Credit Bank of Senegal)
CREA	Centre de Recherches Economiques Appliquées (Center for Applied Economic Research)
CSE	Centre de Suivi Ecologique (Center for Ecological Monitoring)
CWIQ	Questionnaire Unifié des Indicateurs de Développement de l'ESAM II (Core Welfare Indicators Questionnaire)
DAS	Direction de l'Action Sociale (Directorate of Social Action)
DFS	Decentralized Financial Systems
DER	Direction de l'Expansion Rurale (Directorate of Rural Expansion)
DPS	Direction de la Prévision et de la Statistique (Directorate of Forecasting and Statistics)
EPPS	Household Survey on Perception of Poverty in Senegal
EPPS-Focus Group	Survey on Perception of Poverty in Senegal by Focus Group
EPV	Expanded Program on Vaccination
ESAM-I	Enquête Sénégalaise Auprès des Ménages (1994) (Household Budget/Consumption Survey (1994))
ESAM-II	Enquête Sénégalaise Auprès des Ménages (2001) (Household Budget/Consumption Survey (2001))
FNAE	Fonds National d'Action pour l'Emploi (National Action Fund for Employment)
FNAS	Fonds National d'Action Social (National Social Action Fund)
FNPJ	Fonds National de Promotion de la Jeunesse (National Fund for the Promotion of Youth)
GDP	Gross Domestic Product
GER	Gross Enrollment Rate (in elementary education)
GFP	Global Factor Productivity
HIPC	Heavily Indebted Poor Country
HLI	Highly Labor-Intensive
IEC	Information Education Communication
IFAD	International Fund for Agricultural Development
INS	Institut National de la Statistique (National Statistics Institute)
IMF	International Monetary Fund
IRD	Institut de Recherche sur le Développement (Development Research Institute)
LDC	Least Developed Country
MDA	Municipal Development Agency

MICS	Multiple Indicator Cluster Survey
NAP	New Agricultural Policy
NGO	Non-Governmental Organization
NICT	New Information and Communication Technologies
NIP	New Industrial Policy
OR	Oral Rehydration
PDEF	Programme Décennal de l'Education et de la Formation (Ten-Year Education and Training Program)
PELT	Projet Eau à Long Terme (Long-term Water Project)
PET	Programme Education pour Tous (Education for All Program)
PLP	Plan de Lutte contre la Pauvreté (Poverty Reduction Plan)
PNDS	Plan National de Développement Sanitaire (National Health Development Plan)
PNIR	Programme National d'Infrastructures Rurales (National Rural Infrastructure Program)
PRSP	Poverty Reduction Strategy Paper
PSAOP	Programme de Services et d'Appui aux Organisations Paysannes (Services and Support Program for Farmer Organizations)
PST	Programme Sectoriel des Transports (Transport Sector Program)
PTIP	Programme Triennal d'Investissements Publics (Three-Year Public Investment Program)
SMEs	Small and Medium Enterprises
SMI	Small and Medium Industries
TORs	Terms of Reference
TOFE	Tableau des Opérations Financières de l'Etat (State Financial Operations Table)
VAT	Value Added Tax
WAMU	West African Monetary Union
WHO	World Health Organization

I. INTRODUCTION AND CONTEXT

1. In Senegal, the implementation of the stabilization policies since the end of the 1970s, followed by the first structural adjustment programs in the mid-1980s, definitely helped to improve the macroeconomic framework; however, the country's economic performance has remained below expectations. In general, the period 1979-93 was marked, at the macroeconomic level, by a distinct slowing of economic growth in real terms, and even a contraction in 1993, entailing the establishment of an "Emergency Plan" for restoring the State's financial capacities. Following the devaluation of the CFA franc in January 1994, the Senegalese economy once again posted growth, with real GDP growing by 2.9 percent in 1994 and by over 5 percent per year on average between 1995 and 2001. These results were achieved in a context of continuous reduction of the deficits of the public finances and of the current account balance of payments while inflation was kept under control.

2. However, the economic performance achieved did not contribute to improving the population's living standards or to substantially reducing poverty. Senegal has not yet accomplished the objective of universal education at the primary level (the gross primary education enrollment rate is round 70 percent while the total rate is estimated at 32 percent) and more than half the population is illiterate. The situation of Senegalese women as regards education and training is disturbing, with an illiteracy rate of over 70 percent compared with 48.9 percent for men (CWIQ, 2001).

3. Health indicators remain below WHO recommendations. Even though Senegal has been cited as a reference country in Africa as regards the campaign against HIV/AIDS, the health system as a whole is faced with serious constraints. Fresh outbreaks of local endemic diseases are being observed and malnutrition is becoming increasingly common, especially among those who are most vulnerable (children, women, the handicapped, the elderly, the young, displaced persons and refugees, etc.). Poor individual and collective hygiene and environmental sanitation conditions together with food shortages are responsible for the deterioration of the population's state of health. Regarding access to drinking water, the objective Senegal has set itself is to achieve the WHO recommendation of 35 liters per capita per day as soon as possible. At present, average availability is 28 liters per capita per day.

4. On the basis of a poverty line set at consumption of 2,400 calories per capita per day, the first Household Budget/Consumption Survey (ESAM-I) made it possible to estimate the percentage of households below the poverty threshold at 57.9 percent in 1994. The first findings of the CWIQ put this proportion at 53.9 percent in 2001.

5. All in all, the resumption of growth over the period 1995-2001 has not been sufficient to ensure a significant reduction of poverty. The weakness of investment and the stagnation of agriculture and industry explain the modest number of jobs generated by the economic growth and its mediocre propagation toward the poorest segments of the population. Notwithstanding the role that it plays in terms of employment, the primary sector contributes very modestly (18.5 percent in 2000) to GDP because of low agricultural productivity and climate change. Consequently, agricultural production covers on average only 52 percent of

the nation's basic food needs. Investment in the agriculture sector is still concentrated in the areas where irrigated crops predominate, whereas poverty is more marked in the zones where rainfed agriculture is practiced. The inadequacy and substandard quality of the road and port infrastructure add to transport costs and do not favor market integration at either the local or the regional level.

6. In the reforms subsequent to the devaluation, poverty was a central concern on account of its magnitude and scope. Several actions were launched through the implementation of various sector programs tied in with specific anti-poverty programs. In addition to such sector programs as health, education, basic infrastructure, etc., a *Plan de Lutte contre la Pauvreté* [Poverty Reduction Plan (PLP)] that is currently being executed was formulated in 1997.

7. Despite all these efforts to improve access to the basic social services, the structure of public expenditure shows that Senegal is still far from the objective of the 20/20 initiative that it has endorsed. The country's debt burden is a major obstacle to efficient allocation of public resources in favor of the social sectors, since it limits the State's redistribution capability and slows development of the social infrastructure.

8. To reduce poverty by half by 2015, the State will institute a sustained economic and social policy aimed at significantly raising its socioeconomic performance and placing the country on a sustainable human development path. To this end, in 2000, following adoption of its interim paper, Senegal initiated a participatory preparation process for a poverty reduction strategy revolving around redistributive growth and meeting the basic needs of the poor. The consensus on this strategy stresses the need to mobilize political decision-makers, national players and development partners to concentrate on reducing poverty and exclusion through establishment of a close connection between poverty reduction, economic progress, and capacity-building.

9. Because of the participatory process on which its legitimacy is based, the Poverty Reduction Strategy Paper will be the frame of reference for all the actions of all the players. It will serve as the basis for the preparation of the sector development plans and investment programs.

II. DIAGNOSIS OF POVERTY

2.1. Dimensions of Poverty

2.1.1. Definitions and Measurement of Poverty

10. Poverty is a multidimensional phenomenon. Several definitions and approaches exist for determining and delimiting it. In particular, approaches based on well being, basic needs and capacities can be distinguished.

Box 1. Senegal: Preparation of the PRSP: Broad Participation at the National and Local Levels

The participatory approach adopted by the government of Senegal for preparation of the PRSP called for the involvement at both the local and national levels of all public sector, private sector, and civil society players and of the country's development partners, to varying degrees and depending on the procedures, as set forth in Annex 6. This preparation took place in three phases:

Preparatory phase

1. The approach started with exhaustive identification of the organizations of civil society and the implementation of a program of individualized local visits to the organizations to inform them, provide them with the draft terms of reference (TORs) of the PRSP, and to make them aware of the importance of their participation in the preparation process of the document. This prior identification made it possible to avoid a biased participation or an imbalance in the representation of players, and of civil society organizations in particular.
2. The purpose of the different meetings with the players involved in the process was, on the one hand, to gather their opinions and suggestions, and on the other, to take up the challenge of participation.
3. The Technical Committee produced a paper detailing the knowledge available on poverty in the country. To do this, the Committee contacted the different services of the technical ministries (Statistics, Health, Planning, Education, Water Resources, etc.) and also the Center for Applied Economic Research (CREA) for sector contributions and suggestions for how best to undertake the analysis work. This paper was presented at the inaugural seminar.

PRSP preparation approach design phase

4. The National Inaugural Seminar for the participatory PSRP preparation process was an important event planned as a participatory programming phase in which the players would confirm their commitment. The aim was to involve all the many and various players in identifying activities to be carried out to produce the PRSP and the validation of the TORs for the proposed modules in order to ensure that all parties were fully committed to the PRSP as of this design phase.
5. More than 200 invitees representing the different economic and social players at the national and regional levels took part in this seminar, including governmental departments, civil society (NGOs, unions, women's groups, religious associations, traditional authorities, associations of the handicapped and disabled, training and research organizations, the government-sponsored and private press, farmer organizations, resource persons, etc.), the private sector, and the country's financial and technical partners.

PRSP preparation phase

6. These different categories of players took an active part in the production of the basic documents in varying ways. At the national level, the five Thematic Groups (50 persons per group on average) worked diligently on the basis of written contributions from the technical ministries, civil society, and resource persons, followed by discussion workshops with lively participation that made it possible to develop consensus on the broad thrusts of the strategy and the priorities.
7. At the regional level, the regional services, under the chairmanship of the governors, prepared the different Regional Consultation Meetings, which were characterized by intensive participation by parliamentarians, presidents of rural councils, mayors, civil society organizations (organizations and associations of farmers, young people, women, the elderly, the handicapped, etc.) and by representatives of the central government (subprefects, technical services).
8. At the local level, the Surveys of Perception of Poverty conducted in the urban neighborhoods and villages in all the regions provided an opportunity for individual and collective expression of the people's views regarding their living conditions, their perception of the institutions and the priorities of the poor. Thousands of persons participated in the interviews and meetings (neighborhood and village meetings, focus groups, etc.) Approximately 6,600 households responded to the statistical section of the questionnaire used in the perception survey. The neighborhood and village-level feedback workshops and also those organized at the regional level provided significant platforms for the poor to speak out.
9. Finally, a National Validation Seminar was attended by some 250 persons who had participated at different levels in the process to validate the provisional summary document prepared by the Technical Committee.

11. Two fundamental requirements must be met in order to measure the incidence, scope, and severity of poverty: first, the poor have to be identified, then secondly, the pertinent indicators have to be constructed on the basis of the available information. In practice, two approaches are generally used, one of which is referred to as objective and the other as subjective.

12. The objective approach is based on quantitative information summarized by means of a monetary or nonmonetary indicator. A poverty line is then defined as a threshold below which the household (or individual) is considered to be poor (ESAM-I, 1994; CWIQ, 2001).

13. The subjective approach is based on the peoples' perception of their living conditions. The people interviewed classify themselves as poor or not poor according to criteria they set themselves. In this connection, an African proverb heard during the participatory process defined poverty as the absence of possessions, knowledge and power (EPPS – Focus Groups and EPPS, 2001). The perception, which derives from the culture, refers to the nature of the forms of social and political organization of the local communities and of the underlying strategies. It is therefore necessary to invest in the culture which determines the way of life and to combat poverty.

2.1.2 Characteristics of Poverty in Senegal

14. The prevalence¹ of poverty is very high. In 1994, the first Household Budget/Consumption Survey (ESAM-I) made it possible to estimate the proportion of households below the poverty threshold (fixed at 2,400 calories per adult equivalent and per day) at 57.9 percent. On the basis of extrapolations made from the CWIQ (2001) data,² the percentage of households below the poverty threshold is about 53.9 percent, i.e. a slight drop compared with 1994, as a result certainly of the increase in per capita income over the period 1995-2001. However, these figures are well below the findings of the EPPS (2001) according to which 65 percent of the households interviewed (same sample as the CWIQ) consider themselves poor and 23 percent even rate themselves as very poor. Moreover, 64 percent of the households declare that poverty has worsened over the past five years, a perception that is contrary to what is stated above. This apparent contradiction undoubtedly results from different criteria for assessing poverty.

15. **Poverty in Senegal is located for a large part in the rural areas** and more especially in the rural zones of the Center, South and Northeast. This concentration of poverty in rural areas is also confirmed by the EPPS (2001): in point of fact, in rural areas the incidence of poverty varies between 72 percent and 88 percent while in urban zones it ranges between 44 percent and 59 percent. In both cases, the incidence of poverty remains high.

¹ The prevalence of poverty is the percentage of poor people.

² See Annex 1 for the methodology.

Box 2. Senegal: Poverty from the Viewpoint of the People

The analysis of the perception of poverty in Senegal that is reflected in the national languages can be centered around certain indicators, the chief of which are found in the following definition: "A poor person is somebody who has nothing, who cannot meet his basic needs and who lives without access to opportunities." This extreme type of poverty is generally termed "ndool, miskiin, walaakaana (Wolof), baasdo (Pulaar), karaxan (Malinké), xonditoone (Djallonké), ajobo (Bassari), tampinté (Soninké), seetan (Bambara), konkoo (Mandingué), coitadessa (Creole)," and is expressed in the saying "nit kuy taxaw rek te yorewul dara" (someone who lives but has nothing). The poor person lives in a state of total economic and social destitution; he is without support and has to rely on the help received from those around him to survive. He is often referred to as being at the very bottom of the social ladder and existing in a state of near-permanent destitution. His dominant characteristic is that he excludes himself from the fabric of society, preferring to live in the most total anonymity. As to the households classified as poor (new ji doole, baadoolo (Wolof), ma teugniam, wu bone (Diola), tampube (Pulaar), semeexo (Djallonké), fangantan (Malinké), fasonteñaani (Soninké) or fantan (Bambara), they have only rather precarious sources of income that are insufficient to fully cover their food needs.

To explain poverty, the people tend to cite individual responsibility as expressed in the proverb "the lazy man is responsible for his state of poverty" but also underscore a lack of social relationships as a key factor. The relational fabric is viewed as a key reference. The more an individual's horizon of family, collegial, ethnic and so on relationships is widened, the better equipped he will be to raise himself up out of poverty, destitution and vulnerability. Social connections are presented as the bases for economic security.

EPPS – Focus Group, 2001.

16. **The level of education among heads of poor households is very low.** In fact, more than 89 percent of heads of households in the first quintile³ (CWIQ, 2001) have no formal education at all and only about 8 percent have primary-level education.

17. **The prevalence of poverty increases with household size.** The average household size in the case of the poorest 20 percent is over 10 persons while for the richest 20 percent the number is 8 (CWIQ, 2001).

18. **The prevalence of poverty varies depending on the sex of the head of the household.** According to the perception survey (EPPS, 2001), the prevalence of poverty is 67.4 percent for male-headed households and 58.8 percent for households headed by women. This finding, which does not mean that women are less poor than men, can be explained a priori by four main assumptions (EPPS – Focus Group, 2001; Regional Consultation

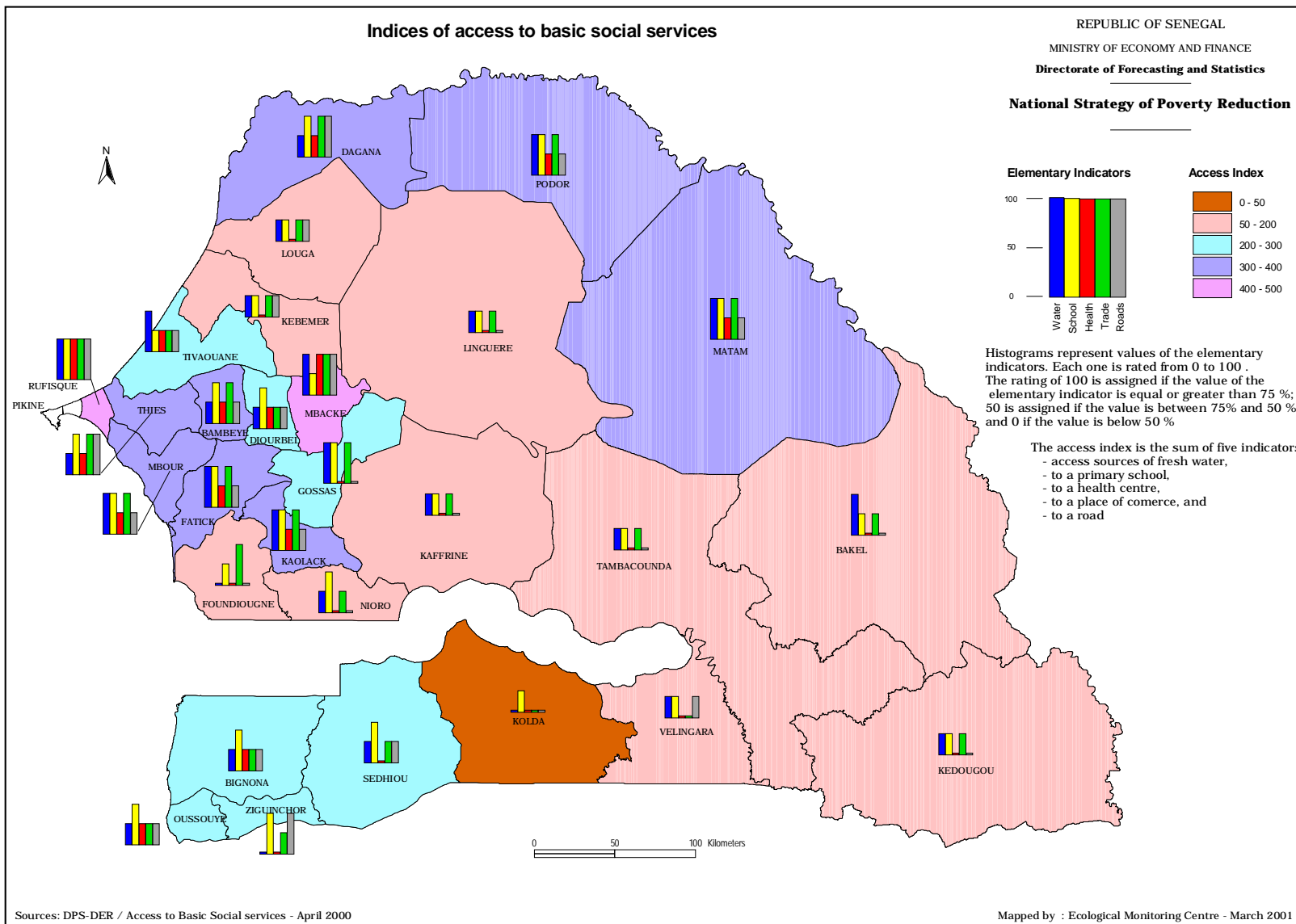
³ First quintile: the 20 percent of the population with the lowest level of consumption.

Meetings, 2001; IFAD 2001⁴): (i) women heads of households have greater freedom of action and better access to resources than if they were married and they use resources more efficiently than men. In addition, their expenditures tend to be more in accordance with the basic needs of the household and children; (ii) when women head households they sometimes receive income transfers from their husbands or relatives which help to increase the household's total income; (iii) while generally speaking those involved are creative in going after additional income, women in particular take many more initiatives in mobilizing resources, in addition to their role as manager of the home. By means of tontines and other forms of combined endeavors they manage not without some considerable effort to generate resources to be used in creating more and thereby offsetting the household's income shortfall; (iv) analysis of survival strategies (EPPS – Focus Group) shows that the activities in which the poor tend to engage are more accessible to women than men on account of sociocultural factors which result in them becoming female preserves (street vendors of prepared foods, small-scale street trading, domestic service) from the moment that women move into sectors formerly reserved for men on account of sociocultural factors, which result in them becoming female preserves (street vendors of prepared foods, small-scale street trading, domestic service) from the moment that women move into sectors formerly reserved for men.

2.1.3. Aspects of the Manifestations of Poverty

19. Usually, it is when people, especially the most vulnerable, are caught up in an impoverishment process accelerated by a persistent economic crisis that they become cut off from channels that would enable them to access productive resources. This lack of resources of their own then favors a continual deterioration of their living conditions, aggravates inequalities and, ultimately, leads to extreme poverty. In the absence of assistance from the public authorities and without any sustained community solidarity connected with the change in ethical and cultural benchmarks, this dynamic leads to a breaking of the social bonds and exclusion of the least-privileged strata of society. A deficiency or total lack of social relationships of this sort pushes certain individuals into the practices listed below, as determined during the participatory process.

⁴ IFAD had the same finding in nine other African countries where similar surveys were made: “one finds that not only are female-headed households on average less poor than families headed by men, but also that the incidence of poverty has decreased more quickly in the case of the former.” (Evaluation of Rural Poverty in Western and Central Africa, IFAD, December 2001).



Source: DPS/Survey on access to basic social services in rural areas (in all departments of Senegal except for those of Dakar and Pikine, which are classified as urban areas), April 2000.

Box 3. Senegal: The Surveys Made in the Context of the PRSP

1. **ESAM-II, CWIQ section.** This is a budget-consumption survey that covers a 12-month period with three passes each comprising several visits to the household. The sample consisted of 6,624 households. By means of the Core Welfare Indicators Questionnaire (CWIQ), which was administered during the first pass (June-August 2001), it provided useful data for the re-updating of the poverty profile used in the PRSP. Like ESAM-I (1994), the 2001 survey had a nation-wide coverage. The 2001 survey possesses representativity at the regional level by distinguishing rural and urban zones, while the first survey only considered three strata (Dakar, Other Urban Zones and Rural Zones). To the extent possible, the two surveys used the same concepts and were applied according to the same procedures.
2. **The Surveys of the Perception of Poverty in Senegal – Statistical Section (EPPS)**, conducted in the ten regions of the country between August and September 2001, used the same sample as the ESAM-II. They produced statistical data on the incidence of poverty by region and on the priorities of the poor.
3. **The Participatory Surveys of the Perception of Poverty in Senegal (EPPS – Focus Group)** were conducted using methods combining focus groups, interviews, life histories, gender analysis, etc., in order to find out how the poor and the population in general perceive well-being and poverty, the strategies and the solutions. They were carried out in all of the country's ten regions, in the urban neighborhoods and in the villages. The findings were reconstituted at the local and regional scales in order to provide material for public debates (at neighborhood and village level, validation workshops, regional consultations) with the participation of over 2,000 persons.

20. **Violence and delinquency.** The majority of persons currently incarcerated are young people. The most recent justice statistics indicate a criminality rate of 1.8 percent marked by a rapid rise in the number of offenses and a considerable proportion of juvenile offenders among the prison population. This increase in delinquency among young people could be due to a lax approach by parents to the education of adolescents for whom there are no longer any strong role models. In addition, violence to and against women has become a day-to-day fact in poor neighborhoods and in underprivileged families and often leads to tragedies.

21. **Begging.** “*Talibés*” and beggars (children and adolescents) are estimated to number about 100,000 (DAS, 2000). This phenomenon of *talibés* out begging daily for food and money for both their own survival and for the sustenance of their marabout is something that can be seen at intersections, in and around markets, mosques and banks and in other public places in the urban centers, and has become a real social problem.

22. **Prostitution.** The statistics on prostitution are sparse and often approximate in nature or incomplete. However, a survey of the prevalence of sexually transmissible infections among the clandestine prostitutes of Dakar (Christian Lauren, IRD), done in 2000, puts the median age of the prostitutes at 28 years. Nearly 20 percent of them were not yet of legal age (21 years); while a third of them were unmarried, the majority were divorced (48 percent), married (12 percent) or widows (6 percent). The prevalence of HIV among these prostitutes

is of the order of 14 percent, as compared with between 1 percent and 2 percent for the total population.

23. **Child labor as an alternative.** Child labor is defined here as the exercise of an economic activity by young people under 15 years of age. It is presumed that at that age, this category ought to be in school. The data from the Multiple Indicator Cluster Survey indicate that in 2000, 37.6 percent of all children between 5 and 15 years old were working and 15 percent were performing a paid activity. According to that source, 12 percent of the children were doing more than 4 hours of household work, i.e. more than the permitted maximum. Under such conditions, it is reasonable to assume that the work is sufficiently demanding and tiring to disrupt a child's education, impair his or her health and normal development and , finally, to place his or her survival at risk.

24. **Degradation of the environment.** The high demographic growth coupled with long years of drought have rendered the environment increasingly susceptible to degradation. In rural areas, the population's low quality of life continues to place pressure on natural resources, which explain the disturbing pace of deforestation despite the efforts made in this field.

25. On the other hand, according to the people (EPPS, 2001), the main signs of poverty are, in this order, difficulty in obtaining enough food, lack of work, lack of care and lack of decent housing. They accordingly consider that the State's priorities should be: (i) employment for young people (20.1 percent); (ii) lowering of the prices of staple foodstuffs (18.9 percent); (iii) access to basic health care (17.7 percent); and (iv) education for children (11.3 percent).

2.1.4. Breaking Points

26. The breaking points that constitute the main factors behind the pauperization process can occur in cyclical or structural forms, particularly in rural areas, since they may or may not derive from circumstances for which man is responsible. In several cases, the deterioration observed is the outcome of natural and institutional factors. However, anthropogenic factors too are not without marked significance in the living conditions of households (EPPS – Focus Group, 2001 and Regional Consultation Meetings, 2001).

27. The natural factors are the combination of factors deriving from breakdowns of the ecosystem and their consequences. The natural factors cited most frequently by the people are: (i) the successive droughts, the most disastrous of which occurred in 1973; (ii) coastal erosion, the intrusion of seawater and its corollary, salinization of the soil; (iii) degradation of the soil with its consequent impoverishment and low productivity; (iv) natural disasters such as fires and flooding of fields; and (v) destruction of crops by parasites.

28. Other breaking points, reported particularly in urban areas, are also the outcome of natural processes and include the death, retirement or loss of employment of the principal income-earner and physical incapacity resulting from old age or a disabling sickness.

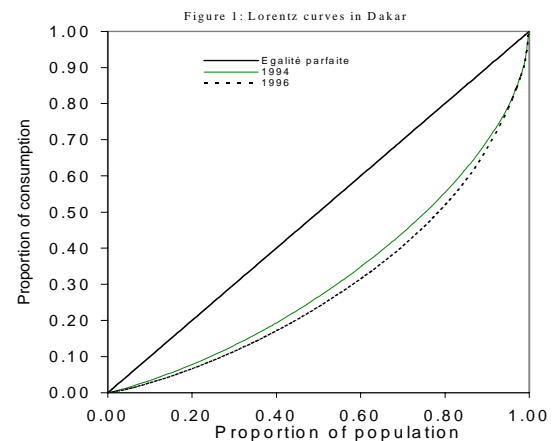
29. The anthropogenic and institutional factors are directly or indirectly the result of human actions. The anthropogenic factors most commonly cited by the people are: (i) usurious practices and divorce; (ii) population movements following conflicts or due to demographic pressure, disputes over land and livestock theft; (iii) the reduction of the National Railroad Company's traffic, which has led to the elimination of many activities around the stations; (iv) the implementation of structural adjustment policies (New Agricultural and Industrial Policies) and their corollary, and (v) the 1994 devaluation, the unfavorable effects of which (loss of purchasing power) have been more keenly felt in urban areas.

2.2. Determinants of Poverty: Absence/Insufficiency of Income and of Access to Basic Social Services

2.2.1. Economic Environment/Insufficiency of Income

30. The average annual growth of the economy (about 2.7 percent per year) was below the demographic growth rate over the period 1960-1993 and has hardly been sufficient to allow any improvement in real per capita incomes and employment. To this must be added a very unequal income distribution. The Gini Index⁵ was 0.50 in 1996 in Dakar, which denotes a significantly high level of inequality. It is estimated at 0.30 for the country as a whole.

31. The growth achieved is not yet quality growth. There was a variability of nearly 1.6 for an average growth of 2.7 percent over the period 1960-1993. This growth is moreover largely driven by some subsectors that have not been noteworthy for generating employment (oil mills, fishery, product processing, phosphates, cement, tourism and telecommunications). The growth has proven to be fragile because of the low productivity of agriculture and the inadequate competitiveness of the supply sectors and their vulnerability to outside shocks (drought, price fluctuations for raw materials). The situation of the primary sector, which has remained precarious, combined with sluggish performance on the part of the insufficiently competitive secondary sector, has been a major constraint on employment creation and improvement of incomes, resulting in a continuous deterioration of households' living standards. In addition, the weakness of exports and their as yet inadequate diversification in terms of products (three products account for almost 60 percent of the total) continue to severely inhibit the potential for growth.



⁵ The Gini Index is an indicator that measures inequality; the higher the index, the more unequal is income distribution. The Lorenz Curve is also a means for assessing inequality; the further the curve is from a straight line, the more unequal is income distribution.

32. At the present rate, it will take about 30 years to double the per capita GDP, which is today one of the world's lowest (US\$600).⁶ The low growth rate results from the inadequate total factor productivity (TFP). A breakdown of the rate of growth of GDP in terms of the contributions of the labor input, the capital stock and the TFP shows that the contribution of capital to GDP growth has only been 22 percent whereas for sub-Saharan Africa as a whole it has been 56 percent and for all developing countries taken together 49 percent. Two basic reasons explain the low contribution of capital in Senegal's growth: (i) the low level of capital accumulation, and (ii) the mediocre quality of the investments effected.

33. There is a distinct divergence between the spatial distribution of the value added and that of the active population. Agriculture still represents 10 percent of GDP but occupies more than 50 percent of the active population, who are for the most part illiterate. The almost exclusive dependence of agriculture on an erratic rainfall introduces an excessive uncertainty which does not encourage investments of any magnitude in rural activities. Nevertheless, low-cost technologies adapted to the environment, such as those used in the Special Food Security Program (SFSP) offer real possibilities for investments in such activities.

34. The country's debt burden is a major obstacle to poverty reduction efforts. The debt represented 86.2 percent of GDP in 1994, 80.1 percent in 1996 and 71.3 percent in 2000. After rescheduling, debt service for its part represented 4.5 percent of receipts from exports of goods and services and 11 percent of tax revenues in 1994. These percentages were respectively 14.6 percent and 27.6 percent in 1996, 12.0 percent and 21.3 percent in 1999 and 12.7 percent and 22.6 percent in 2000.

35. The present macroeconomic framework, although improved, has not guaranteed broader access for the poor to financial and productive resources enabling creation of productive and well-paying employment. Promotion of microenterprises and of the informal sector is less than vigorous, even though the latter sector is now moreover the main source of employment since the numbers of government employees have been kept unchanged for several years now and hiring in the formal sector has only been progressing very slowly. However, the lack of job security in the informal sector has not favored any improvement in the incomes of the poor.

36. There has been little improvement in the main sources of financing for microenterprises and the informal sector despite the development of decentralized financial systems. Moreover, examination of the State's tax revenues shows that they are derived essentially from the taxes on the consumption of households to the detriment of the income tax based on citizens' ability to pay. Direct taxes bring in relatively little revenue, despite a high marginal tax rate.

37. Aside from telecommunications, the essential support infrastructure for economic activities, especially physical facilities, is poorly developed. The inadequacy and mediocre quality of the road and port infrastructures add to transportation costs. Paved roads make up 29 percent of the total road system and dirt roads, 69 percent. Both the quantitative and

⁶ Senegal was placed in the LDC category in 2001.

qualitative deficiencies of electrical energy supply constitute another major constraint. In all, only 25 percent of the population has access to electricity, the demand for which is covered in the main cities and towns 27 days out of 30.

38. Public expenditures have not been efficient in the social sectors (CREA, 1997). In health, there is a concentration of expenditure in three regions (Dakar, Thiès and Saint-Louis) to the detriment of the poorer regions of eastern and central Senegal. Public expenditure allocated to education is lower among the poorest strata of society. Analysis of these expenditures by level of education confirms the inequity in the distribution of public expenditures. The fact is that 20 percent of the poorest households who account for 28 percent of all children aged from 7 to 12 years only benefit from 17 percent of public expenditure whereas the richest households, which make up a smaller proportion of the population, receive about the same percentage of expenditure for the same age group. More pronounced differences in equity are observed in the other levels of education. Finally, social transfers have not in general greatly benefited the poor. During the periods of adjustment and crisis not enough was done in the way of social transfers and social protection measures targeting the poorest of the poor. The policy instruments used, namely financial assistance, benefited the rich more than the poor.

2.2.2. Education and Poverty

39. Significant progress has been made in strengthening the education system, which is a key factor in poverty reduction efforts. However, there is still room for improvement. At the national level, the access rate to a primary school (less than 30 minutes away) is estimated at 81.4 percent. The Diourbel and Louga regions have the lowest levels with access rates of 60.5 percent and 61.7 percent respectively (CWIQ, 2001). These findings are also confirmed by the EPPS (2001) in which the access rate (less than 1 km) is estimated to be 80.8 percent at national level. Here too, Diourbel and Louga again post the lowest rates (68.2 percent and 60.1 percent). The student satisfaction levels are low at 55.1 percent at the national level and 43.0 percent in rural areas (CWIQ, 2001).⁷ The main reasons explaining these rather low levels are linked to problems in obtaining books and supplies (89.9 percent of the unsatisfied students).

40. All told, the gross enrollment rate is improving at the level of elementary education, but remains below where it should be. Between 1989/90 and 2000/01 the primary enrollment rate rose from 57 percent to 70 percent. However, what can be considered progress in Senegal would represent a deterioration for others. The gross enrollment rate in elementary education in Senegal in 2000/01 was 70 percent but averages 75 percent in sub-Saharan Africa, while the number of students per teachers is 51 in Senegal but 44 on average in sub-Saharan Africa. The low enrollment rates can be explained in part by the large numbers of children who have to work. According to the MICS survey (2000), the proportion of children between the age of 5 and 15 who work stands at 37.6 percent.

⁷ The satisfaction rate for education is defined on the basis of the students presently attending school and satisfied.

41. The number of girls enrolled in elementary education is still relatively small. Enrollment rates in 2000/01 were 73.9 percent for boys and 64.8 percent for girls, which reflects the latter's limited access to education. In 2001, girls made up 46.5 percent of the students in elementary education compared to 42.4 percent in 1992.

42. The literacy rate for persons aged 15 and over and able to read and write⁸ is 39.1 percent (CWIQ, 2001). However, this figure conceals huge disparities between men (51.1 percent) and women (28.9 percent) and also between poor and less poor regions. This rate is in fact 60.0 percent in Dakar, 48.1 percent in Ziguinchor, 41.4 percent in Thiès and about 30 percent in Fatick, Louga, Kaolack and Saint-Louis, compared to 20.0 percent in Tambacounda, 23.7 percent in Diourbel and 27.9 percent in Kolda. Moreover, literacy is particularly low in rural areas, where it is estimated at 24.1 percent as compared with 57.2 percent in urban areas. It should also be emphasized that this rate is relatively high for persons under the age of 30 (a little over 50.0 percent), but remains relatively low for the higher age groups (30-39 years: 41.5 percent; 40-49: 35.6 percent; 50-59 years: 24.6 percent; 60 and over: 14.4 percent).

2.2.3. Health and Poverty

43. The health sector is characterized by a significant insufficiency of health and social infrastructure facilities and provision of services, together with a very inadequate number of health personnel who, moreover, are increasingly badly distributed and have little motivation or incentive to work outside of the major centers. In addition, the means for bringing the sick or injured to establishments where they can receive appropriate care and treatment are limited, especially in the poor and backward zones. The findings of the study on the people's perceptions as regards access to health services and the quality of care confirm this assessment.

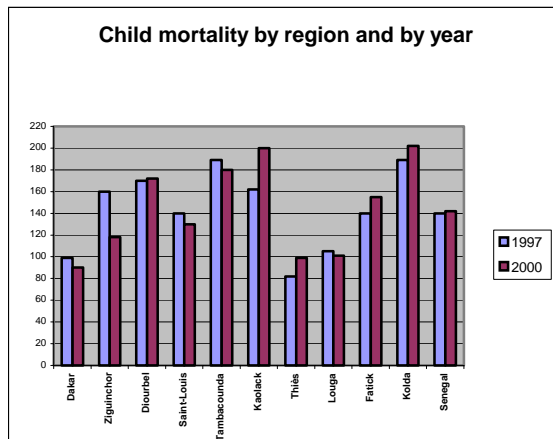
44. The EPPS (2001) shows that 50.4 percent of households have access to a health care center (less than 1 km). However, this rate is lower or comparable to 35 percent in the Kolda (23.2 percent), Diourbel (25.5 percent), Fatick (35.3 percent) and Louga (35.6 percent) regions. Moreover, only 39.0 percent of households have access to a maternity hospital and 31.8 percent to a health center. These low percentages are also confirmed by the CWIQ (2001), which estimates the access rate (less than 30 minutes) to medical services at 57.6 percent with a satisfaction level⁹ of 59.4 percent. This rather low level is due to the cost involved (according to 60.7 percent of those declaring themselves not satisfied). However, it should be underscored that 90.5 percent of the persons who had consulted a health practitioner during the four weeks preceding the survey reported a problem.

45. These inadequacies result in some rather alarming statistics for the sector: of every 100,000 women who give birth to a child, 510 die (450 in urban areas and 950 in rural areas).

⁸ The literacy rate for persons aged 10 and older able to read and write is 48.8 percent (ESP, 1991).

⁹ The satisfaction rate for health is defined on the basis of persons who consulted a health practitioner in the four weeks preceding the survey and were satisfied.

Malaria is the primary cause of morbidity with almost 25 percent of the cases reported in the health facilities, in particular among pregnant women and children. The infant mortality rate is 58 per thousand and the child mortality rate 113 per thousand, with pronounced disparities between the regions. The prevalence of diarrhea among children remains high, since it affects 26 percent of children aged under five years.



46. HIV/AIDS is increasing despite a low prevalence. The reported cases do not reflect the reality of the epidemic. As of the end of 2000, the number of persons living with HIV/AIDS was estimated at 80,000, 77,000 of whom were adults. The level of prevalence among the population aged 15 to 49 years (considered to be sexually active) is therefore estimated at 1.4 percent.

47. Malnutrition among children under age five years continues to be a public health problem. In 2001, almost one child out of five was underweight and 9.2 percent suffered from chronic undernourishment or emaciation (CWIQ, 2001).

48. Vaccination coverage against the main childhood diseases remains insufficient despite the ongoing activities of the Expanded Program on Vaccination (EPV). Only 42 percent of all children aged from 12 to 23 months have received all the vaccinations and 31 percent have received them before their first birthday (MICS, 2000).

2.2.4. Access to Drinking Water

49. Access to drinking water has been greatly improved in Dakar with the Water Sector Project (WSP). The findings of the CWIQ (2001) showed that drinking water was less than 15 minutes away for more than 87.9 percent of the households interviewed. These findings are confirmed by the EPPS (2001), which in turn found a drinking water accessibility rate (less than 1 km) of 95.6 percent.

50. Analysis of the data reveals that whatever the region considered, drinking water is accessible (less than 15 minutes away) to more than 70 percent of households. Compared with the other regions, drinking water is by far more accessible for the inhabitants of the

Dakar, Ziguinchor and Thiès regions, while the Louga and Diourbel regions, where rainfall is low, have the lowest accessibility rates.

51. Considerable efforts have yet to be made in this sector in order to achieve the objective of 35 liters of water per capita and per day set by Senegal (World Health Organization (WHO) recommendations). The present availability is 28 liters per capita per day.

52. In rural areas where poor households do not have access to safe water, they essentially meet their needs through unprotected sources. This means that they expose themselves to waterborne diseases, which are one of the main causes of infant mortality. The vessels used for holding drinking water are also responsible for the development of certain diseases. The MICS survey (2000) found that in general, water intended for human consumption was kept in traditional earthenware pots (*canaris*), especially in rural areas where 90.3 percent of the population obtain their water from these *canaris* as compared with 47.7 percent in the urban areas.

53. In the towns, the poor pay more for drinking water than the rich. The fact is that poor households, who essentially have to go to public standpipes for water, pay three to four times as much as households with private connections in their homes.

III. PRIORITY OBJECTIVES FOR REDUCING POVERTY

54. The New Partnership for Africa's Development (NEPAD) represents a commitment on the part of African leaders assumed on the basis of a common vision and a shared conviction that they have an urgent duty to eradicate poverty and to place their countries' economies, both individually and collectively, on a pathway of growth and sustainable development while participating actively in the world economy and in political life on a planet-wide scale. NEPAD's program of action is based on Africans' firm determination to rely first and foremost on the continent's own resources to lift its populations out of underdevelopment and exclusion, in this time of accelerated globalization.

55. In order to face the new challenges of globalization and to help Africa catch up with the developed nations, NEPAD has adopted a number of overall objectives to be accomplished by means of: (i) reduction of poverty by one half by 2015 by the pursuit of, inter alia, seven international objectives relating to sustainable development, in the fields of health and education in particular; (ii) strengthening of basic infrastructure; (iii) good governance, peace, and conflict-prevention; (iv) development of agriculture; (v) capacity-building by means of the new information and communication technologies; (vi) culture, and (vii) access to the markets of the major industrial countries.

56. Beyond its contribution in terms of rules and institutions designed to strengthen local, national, regional and world governance, the globalization of the economy induces a general imperative of competitiveness: non-tariff barriers are being eliminated, tariff barriers are being lowered, the perimeter of preference systems is shrinking and a form of partnership based on reciprocity has taken over from Cotonou and the Lomé Convention. It is

accordingly with good reason that in focusing on regional and continental integration, NEPAD is placing its confidence in equipping Africa to compete and the opening of the major export markets to African products. The North-South and South-South cooperation initiatives and the international agreements to which Senegal is a party will be utilized to achieve the principal objective through the proliferation of opportunities to create wealth, building of the capacities of the private sector and of civil society and consolidation of the foundations of development (namely peace, security, good governance and prevention of conflicts).

57. Senegal's poverty reduction strategy fits in harmoniously with NEPAD's and with the strategic guidelines identified in the context of the preparatory studies for the country's tenth Economic and Social Development Plan (ESDP) to be adopted for the period 2002-07. These strategic guidelines are to: (i) promote good governance and strengthening of the constitutional State; (ii) strengthen local development by deepening decentralization and good governance; (iii) accelerate the setting up and establishment of basic infrastructure to broaden access for all to the basic social services to enable more efficient use of human capital; (iv) increase the investments and strengthen the competitiveness of the productive system, with special emphasis on the establishment of adequate support infrastructure for production; (v) pursue strengthening of the subregional and international cooperation dynamic; (vi) promote information for development and favor the use of the findings of research and of the new information and communication technologies; (vii) pursue rational management of natural resources and the environment with a view to sustainable development; and (viii) strengthen the efforts to protect and assist the vulnerable groups by improving their productive capabilities and reducing gender disparities.

58. To achieve a substantial reduction of poverty, the main objectives pursued comprise three priority goals: (i) double per capita income by 2015 in a context of strong, balanced and better distributed growth; (ii) generalize access to the essential social services by accelerating the establishment of basic infrastructure facilities in order to strengthen the country's human capital before 2010; and (iii) eradicate all forms of exclusion in the nation and ensure equality of the sexes, especially in primary and secondary education, by 2015.

59. In the short term and provided no major external shocks occur, the aim will be to ensure average growth of 7-8 percent in order to reduce the percentage of poor persons by at least 15 percent over the period 2003-2005, significantly increase access rates to health and education while improving the quality of the services and the level of equality between girls and boys, and achieve the objective of 35 liters of water per capita and per day in accordance with the WHO recommendations. This growth rate will be achieved through a strategy of wealth creation that places special emphasis on agriculture, the contribution of which to GDP will have to double between 2001 and 2005.

IV. POVERTY REDUCTION STRATEGY

60. The proposed poverty reduction strategy is based on a long-term approach and the concerted efforts of all the players in the country's economic and social life. In this connection, it takes into consideration the profile of urban and rural poverty as determined by

the poverty diagnosis and the different studies made in the course of the participatory process. The analysis of the causes, determinants, manifestations and real-life experience of poverty in Senegal suggest a strategy incorporating four fundamental goals: the creation of wealth, promotion and capacity-building of the basic social services, raising of the living conditions of the vulnerable groups and a participatory approach to monitoring and evaluation based on decentralization of steering and execution.

61. Different statistical studies point to a very strong relationship between the national per capita income and the poverty indicators, whether monetary or non-monetary. A recent (2000) World Bank study covering 80 countries has moreover shown that on average the incomes of the poorest 20 percent of the populations have increased at the same rate as that of the economy as a whole. In Senegal, the analyses made of the determinants of poverty clearly demonstrate the importance of the “insufficient income” factor and amply justify promotion of wealth creation in a sound and stable macroeconomic framework being considered the primary pillar of the strategy, with the aim of favoring the emergence and strengthening of productive employment for the poor.

62. In addition, studies done in the early 1990s relating to the endogenous growth models have shown that long-term growth is closely tied to the level of human capital stock. Furthermore, all the players in the socioeconomic lives of poor countries, in particular those of Africa, agree that social capital (such as good governance and decentralization) and natural capital play a role that is as important in terms of long-term growth. Senegal has therefore adopted capacity-building and access to basic social services as the second pillar of its strategy with a view in particular to raising the stock of human, social and natural capital, the basis for sustainable growth, meeting social demand and favoring participation by the population in the running of the affairs of their grassroots communities, in particular through a real local development and administrative decentralization policy.

63. The different social groups (for example children, women, the handicapped, the elderly, young people, displaced persons and refugees) are affected by impoverishment. Their descent into poverty creates conditions of vulnerability inversely proportional to their ability to defend themselves and to react. It is for this reason that protection of vulnerable groups constitutes the third pillar of the strategy. Ad hoc programs will therefore be set in motion to reduce the social exclusion factors, in particular in favor of poor populations whose capacities for action are affected by their social status (gender), age, physical handicaps or particular circumstances (victims of floods or of social and political conflicts), so that these groups may have the same chances and potential as the other players to take advantage of economic opportunities to create wealth and to enjoy access to social services.

64. One of the main stakes of the efforts to alleviate poverty is the need to touch the entire targeted Senegalese population by meeting its specific needs. To ensure the effectiveness and sustainability of these efforts, a fourth pillar of the strategy will consist of implementation of a participatory and decentralized approach to the steering, execution and monitoring and evaluation of the programs to ensure the rapid responses and transparency necessary and also consistency with the sector programs and local initiatives underway or planned.

65. The principal objectives/strategies and the pertinent actions identified for the four strategic thrusts by the players in the course of the participatory process and designed to have a significant impact on poverty have been listed in a matrix of measures (Annex 2). The priority objectives/strategies and the corresponding actions (taken from the matrix of measures on the basis of a consensus of players) were then listed in a plan of priority actions covering the period 2003-05 (Annex 3).

66. Focused around these four thrusts, the poverty reduction strategy comes down to: (i) promoting wealth-creation opportunities in Senegal; (ii) organizing equality of chances in seizing these opportunities, especially through strengthening of the poor populations' capacities, and (iii) ensuring the protection of the vulnerable groups. In support of the policies and strategies that will be implemented in accordance with these different thrusts, efforts will be made to bring the unfavorable demographic trends better under control, as set forth in the Declaration of Population Policy renewed in July 2001. Similarly, the cultivation of peace, tolerance and solidarity must remain a cardinal value of Senegalese society in order to prevent the exclusion and marginalization of minorities in each grassroots community.

67. From this standpoint, the design, execution and monitoring and evaluation of the programs will be based on a cross-cutting approach that recognizes and starts out from the specific aspects related to gender, so as to enhance the impact of activities and to ensure equity. Due consideration of the different roles of men and women, of the disparities between the sexes with respect to control of and access to resources, and the resulting differences in terms of constraints, needs, and priorities, will be the guiding principle for all the strategies adopted.

4.1. Wealth Creation

68. Using the data from the first Household Budget/Consumption Survey (ESAM-I) and the Priorities Survey (ESP), the Center for Applied Economic Research [Centre de Recherches Economiques Appliquées – CREA] of the Cheikh Anta Diop University in Dakar established that the elasticity of the incidence of Poverty with respect to the real growth of per capita income, assuming that income inequality did not change, was -0.9 percent. Robust and better distributed growth is therefore a fundamental prerequisite for a significant reduction of poverty (see Box 3).

69. The growth objective for the period 2003-05 will be to achieve annual average growth of 7-8 percent. The macroeconomic projections that establish the overall coherence of the strategy adopted suggest average annual per capita GDP growth of 4.5 percent to 5.5 percent. Per capita incomes can therefore double in about 15 years. These projections are based on a set of assumptions that anticipate heightened public and private investment following increased public development assistance and flows of direct foreign investment, better targeting and improvement of the quality of the investments and boosting of the agriculture sector's contribution based, in particular, on product diversification and farm modernization. In addition to this base scenario which assumes that the full amount of the additional resources expected for the implementation of the Poverty Reduction Strategy is entirely absorbed, two other scenarios have been prepared that take into consideration the

effects of possible constraints connected with the State's resource mobilization or absorption capacity: (i) a 50 percent scenario which assumes that only 50 percent of the additional resources anticipated are absorbed, and (ii) a scenario which assumes that the additional resources expected for implementation of the strategy are not received or absorbed (Annex 5.5).

70. Subject to improvement of global factor productivity, the accumulation of capital will contribute very substantially to growth. In this respect, an important objective of the poverty reduction strategy will be to establish a climate conducive to private investment. In addition to the sound macroeconomic policies that will be put into effect, it will be necessary to extend the reforms to a large group of fields, including privatizations, the asset markets, foreign trade, the financial and labor markets, the regulatory environment and the judicial system in order to improve investment quality. These investments will in turn serve to improve the development of the wealth-creating sectors and will be accompanied by public investments aimed at enhancing the quality of social and economic infrastructure.

Box 4. Senegal: Elasticity of Poverty Indices with Respect to Average Income per Adult Equivalent, the Gini Index and the Marginal Substitution Rates

Poverty threshold z = CFAF 143,080/year/adult equivalent and
 i = average income = CFAF 204,118.10/year/adult equivalent

Poverty indices	Extent of poverty	*Elasticity/ average income per adult equivalent per year	Elasticities/ Gini index	Marginal substitution rates
P0	0.5785	-0.89	1.02	1.14
P1	0.2160	-1.68	2.54	1.51
P2	0.1051	-2.11	4.37	2.07

P0, P1, and P2 are the Foster, Greer and Torbecke indices measuring respectively the incidence, scope, and severity of poverty.

Three main conclusions can be derived from above table:

- (i) Assuming that income inequality does not increase, a rise of 1 percent of per capita GDP brings about a lowering of the incidence of poverty by 0.9 percent, while the scope and severity of poverty diminish more significantly, by 1.7 percent and 2.1 percent respectively;
- (ii) If an increase in income inequality is observed during the expansion period, poverty will worsen. An increase of 1 percent in the Gini index which measures the magnitude of the inequality in incomes in the economy brings about an increase in the incidence, depth and severity of poverty of between 1.02 percent and 4.37 percent;
- (iii) The marginal substitution rates between growth and inequality are relatively small although they grow with the poverty index. As a result, income per adult equivalent must increase by 1.14 percent to offset an increase of 1 percent in the Gini index for the least poor, whereas this compensation must be of the order of 2.07 percent when severity of poverty is chosen as measure.

Source: CREA estimate based on ESP (1991) and ESAM-I (1994) data.

* These elasticities were determined by estimating the parameters of the Lorenz curve as suggested by Kakwani (1993).

71. The strategy for wealth creation in order to reduce poverty in both urban and rural areas will therefore be based on the following: (i) strong economic growth, sufficient to have a substantial quantitative impact on the national and regional prevalence of poverty: (ii) growth that is based on sectors that have an important and enduring impact on rural and urban incomes, and (iii) growth that generates employment and is driven by investment and exports.

72. This choice is based on a growth scenario that increases the incomes of the poor, i.e., a growth that favors the sectors and regions where the poor live and use the production factors they possess. At the moment, the majority of the poor are located in rural areas and are for the most part directly dependent on agriculture and the inputs that they have and use, which most commonly are land and labor and, in very rare instances, capital. Growth favorable to the poor will therefore have to be oriented towards the rural areas and raising of the productivity of and earnings from agriculture, and must be highly labor intensive.

73. Identification of the activities or fields of activity resulting from this decision to strive for wealth creation targeting the poor leads to the selection of the following sectors: (i) the primary sector (agriculture, stockraising, fishery, forestry), in an intersectoral dynamic, with all the other sectors capable of contributing to its growth and development: industry, hydraulic engineering, transport, crafts); (ii) small and medium enterprises and industries and agroindustry, which can be developed urban or rural settings, and (iii) all the development opportunities for private (employment-generating) initiatives in the other economic sectors (mining, energy, construction and public works, new technologies) which can be carried out equally well in urban or rural areas.

74. The macroeconomic strategy aimed at creating wealth will focus on promotion of the productive sectors and private investment through the creation of an economic and social environment favorable to the development of private enterprise. It will essentially be driven, on the one hand, by exports of goods and services with a high added-value potential and for which there is a growing demand and, on the other hand, by high investment rates.

75. The structure of the Senegalese economy, in particular the intersectoral interactions, and the spatial distribution of the active population and of poverty, means that the country must base its strategy for growth coupled with reduction of poverty and inequalities on raising the productivity of agriculture, by focusing especially on products for which there is growing domestic and international demand. Accordingly, every effort (taxation and institutional measures, physical infrastructure, information systems on the domestic and international markets) will be made to stimulate development of processing units (small and intermediate-scale) for agricultural products. In parallel, emphasis will be placed on the other growth-generating sectors, but also on long-term growth factors such as human capital and basic infrastructure.

76. Discrimination against women in terms of access to resources has a marked impact on the household economy in that it reduces the productivity of labor. Moreover, investments targeting women produce quick results in poverty reduction because when women have decision-making power concerning resource use, a significant part of the household budget is

devoted to education, health and food for the vulnerable groups. This is why distribution and control of income and resources to improve the economic and social position of women are priority objectives for reducing poverty. The government will therefore actively seek to give priority to the direct transfer of resources and know-how to women by encouraging their activities and behaviors through targeted programs in each of the wealth-creation sectors.

4.1.1. Promotion of Agricultural Development

77. Agriculture is still one of the most important sectors of economic activity. It employs more than half of the population, contributes 10 percent of GDP, and absorbs on average about 10 percent of the public investment program. The agriculture sector also plays a major role in the economy through its contribution to improvement of food security, the supply of numerous raw materials to agroindustry (peanuts, cotton, etc.), and its absorption of a part of the industrial and semi-industrial sector's output and of the craft industry's products (fertilizers, pesticides, agricultural equipment, etc.)

78. However, since the mid-1980s, the agriculture sector has been going through a severe crisis. The fact is that Senegalese agriculture has to cope with certain unfavorable trends and several constraints that continue to adversely impact its performance. These trends are today: (i) the downward trend in rainfall; (ii) constantly falling producer prices, the adoption of techniques that require little capital (fertilizer) but are severely destructive to the land owing to the high pressures involved, and (iii) the drop in yields and production, together with the impoverishment and growing indebtedness of the rural populations. The constraints are different, namely: technical constraints connected to the lack of technological knowhow, a low level or even total absence of extension services, soil degradation, the limited availability of quality seed and aging equipment, among others, and financial and economic constraints (such as low incomes limiting rural people's capacity to save and invest, the deterioration of the terms of trade for agricultural products, farmers' heavy debt burden, the high cost of inputs, and the inadequacy of the farm credit system, all of which hamper increased agricultural activity).

79. In combination with other factors (poor organization of marketing channels, poor quality of local roads, lack of storage and processing infrastructure, etc.), these weaknesses of Senegalese agriculture are the root causes of its financial disequilibrium and the lack of competitiveness of the various subsectors, in particular those that are export-oriented, and explain in large measure the high prevalence of poverty in rural areas. There is accordingly a pressing need to establish conditions that will foster acceleration of growth in the agriculture sector. This should have a two-fold impact on poverty reduction. The first, of a structural nature, is connected with the very important role played by agriculture in the performance of the economy as a whole. This effect derives from the combination several factors, the most important of which is, unquestionably, the export earnings of agricultural products and the foreign exchange savings resulting from lower imports.

80. The second positive effect of faster agricultural growth is more direct and consists of an immediate improvement in average rural incomes. Given the nature of the structure of

poverty in Senegal, this improvement in farm incomes should contribute very significantly to its reduction.

81. More specifically, the strategies to be instituted will make it possible to increase the agricultural GDP by lifting the constraints confronting the farmers, but also to improve the economic security of the poorest of the poor, in particular small farmers. To do this, the action program envisaged will focus on the following essential components: reduction of the vulnerability of agricultural activities, intensification and modernization of agriculture, increasing of rural incomes and diversification of income sources for rural dwellers, primarily through promotion of activities imparting high added value, strengthening of the role of farmer organizations and, finally, opening up of the rural zones to the outside world.

82. **Reduction of the vulnerability of agricultural activities.** In Senegal, the performance of agriculture is, in large measure, determined by rainfall, which has been highly erratic for a number of years. In the zones with average rainfall, seawater intrusion and water-caused erosion are stealing a large part of the people's land. Promotion of rural hydraulic engineering will therefore be one of the key thrusts of the growth and poverty reduction strategy, which will itself be based on development of programs of dams to keep salt water out, establishment of management and maintenance programs for hydraulic engineering works, bringing of bottomlands under cultivation and utilization of water from boreholes and retaining basins, promotion of village water-supply companies and construction of wells that also serve agricultural needs.

83. With the increase in population and livestock, the pressures on the available land are becoming greater all the time, exacerbating the competition for this natural resource and conflicts over land. In order to favor land development and productive investments but also broader access to land for vulnerable groups, particularly women and young people in the context of family farms, the authorities will:

- give priority to land development and productive investments; the legal framework governing use of land and water resources will have to be conducive to the development of the local economy in accordance with the division of roles between the State, the local authorities, and the private sector;
- promote a sound marketing policy;
- demarcate afresh the boundaries of the rural communities in order to prevent possible conflicts and litigation, and provide the surveying and land registry services with adequate resources to accomplish this task;
- create a legal framework at the rural community level that genuinely motivates good conservation and wise natural resource utilization based on a concerted grassroots approach to rural development leading to better management of village lands;
- ensure the implementation and management of structuring investments by the State and local authorities with the participation of the beneficiaries;
- lower the cost of development.

84. **Intensification and modernization of agriculture.** To ensure food security and boost the agricultural GDP, intensification of agricultural production is absolutely essential. Moreover, modernization of agriculture is unavoidable if the aim is to increase farmers' incomes and diversify the sources of the income as a means for reducing poverty. The steps to be taken include reducing taxation for all forms of agricultural production and developing irrigated agriculture so as to lessen the virtual dependence on unpredictable and erratic rainfall and promoting agroindustry. As regards the management of the subsectors, in particular peanuts, this will from now on be based on economic profitability criteria. A certain number of measures will be necessary, including: (i) use of new technologies for modernizing farms and intensifying crop and livestock production; (ii) improvement of the input supply systems; (iii) promotion and expansion of access to agricultural equipment and inputs, and (iv) agricultural training and advisory services.

85. **Increasing farmer incomes and diversifying income sources.** In order to strengthen the impacts of the above measures it will also be important to facilitate access to credit for farmers, especially by implementing measures designed to prompt and assist the development of financing systems aligned with the socioeconomic conditions of poor farmers. Expansion of the decentralized savings and loan approaches in complementarity with the Caisse Nationale de Crédit Agricole du Sénégal [National Agricultural Credit Bank of Senegal – CNCAS] ought to expand the financing and income-enhancing opportunities for farmers. Promotion of exports of non-traditional agricultural products is another option adopted for increasing farmer incomes and diversifying income sources for them. In point of fact, as the study on the impact of fruit and vegetable exporting activities on the country's rural economy and that on the strategic development profile of the export subsectors show, horticulture can be a significant instrument for reducing rural poverty. In 2000/2001, the subsector generated nearly 6,000 jobs, 72 percent of them in rural areas, while 60 percent of them were filled by rural women. Therefore, to the extent that the constraints (in particular lack of infrastructure, low operator capacity and difficulty of accessing capital and specific technologies) on its development are removed, horticulture will offer a great opportunity for achieving strong growth with significant redistributive effects and will thus constitute an effective instrument for alleviating rural poverty.

86. To that end, Senegal will implement a two-pronged strategy based, in the short term, on the immediate opportunities that are still underexploited for exports of products for which market access is possible using present techniques, while in the medium term conditions will be developed for deepening, penetrating and diversifying markets with growing demand by increasingly demanding requirements. At the same time, Senegal will develop its domestic market to complement its export business. This strategy, to produce results, will have to be tailored to each product, group of products, or subsector. It is based, on the one hand, on development of niche-type export products of relatively considerable volume and very high added value for which there is relatively little competition, and, on the other hand, exploitation of the opportunities offered by new products such as asparagus and others that complement existing ranges.

87. **Strengthening the role of farmer organizations.** The reforms brought about in the agriculture sphere by, in particular, the *Programme de Services et d'Appui aux Organisations*

Paysannes [Services and Support Program for Farmer Organizations-PSOAP] and the State's withdrawal from commercial economic activities have given a new dimension to the structure of farmer organizations. To capitalize on the changes taking place, it is necessary to formulate a strategy for strengthening farmer organizations in order to make them more autonomous and enable them to promote and advance their members' interests better.

88. Opening the rural zones up to the outside world. The lack of infrastructure, especially roads, is a major obstacle to development of rural areas on account of the resulting product storage and movement problems. This isolation of the rural areas and the inaccessibility of the urban markets to farmers leads the majority of farmers to limit themselves to subsistence agriculture, thereby trapping them in poverty. Consequently, there is an urgent need to put in place adequate infrastructure in order to improve the well-being of this segment of the population and meet their basic needs while also, in the longer term, helping to stem the exodus from the countryside. To this end, the State, acting in agreement with its development partners, is working on the preparation and implementation of an ambitious program of rural roads and electrification.

89. Regarding decentralized rural development, the government has set up a frame of reference for the intervention of the different players in the rural sector. This framework is described in a letter of decentralized rural development policy which presents the development strategies currently being followed, notes the deficiencies observed in the rural zones in particular, outlines the final vision projected to the year 2015 and, finally, sets out the main thrusts to be pursued and the methodologies to be employed in implementing the strategy. In the operational dimension, the decentralized rural development strategy centers around: (i) refocusing the local development process on the rural populations and the local communities, and (ii) assistance and support for grassroots rural development initiatives.

4.1.2. Promotion of the Generation of Non-Agricultural Sources of Rural Income

90. Development of non-agricultural rural employment is an important strategic poverty reduction component. A number of specific programs for the processing of agricultural products and facilitation of their marketing in Senegal and abroad play a role in the diversification of non-agricultural incomes.

91. Development of agro-forestry and tourism in rural areas can also provide a framework for the promotion of microenterprises of rural small enterprises. Generally speaking, promotion of such initiatives calls for creation of enterprises that are actively competitive, access to financial and non-financial services (technical assistance, training in management, information and marketing, support for craft-type activities), and capacity-building for public and private organizations that support microenterprises.

92. In addition, people who have emigrated from the zones concerned form target partners for the revitalization of economic activity in certain rural zones through direct investment, advice, and identification of niches for local products.

4.1.3. New Dimension for Raising Livestock

93. The number of people involved in raising livestock is relatively large. Beyond the fact that livestock represents a significant source of savings, it is also a very effective means for reducing the vulnerability of rural households.

94. However, since the early 1990s, this subsector has been faced with a certain number of obstacles which are for the most part structural in nature. The most significant of these obstacles are: (i) technical, specifically the persistence of certain epizootic diseases, a shortage of pasture and functioning watering points (because of their high cost, agricultural byproducts and stockfeed are impractical as alternatives for pasture) and finally the low milk and meat yields of the local breeds, and (ii) financial, owing to the small amount of public investment for the livestock subsector (the volume of public investment allocated to the subsector each year is around 5 percent of the total investment allocated to the primary sector). Furthermore, professionals involved in raising livestock consider the credit system applied by the CNCAS unsuited to the subsector's needs.

95. In order to create the right conditions for strong and enduring growth so that the subsector will be able to contribute more effectively to the overall objective of reducing poverty, the State has set itself a number of strategic goals the most important of which are: (i) achievement of food security; (ii) equity in price relationships, town-country terms of trade and access to land and natural resources; (iii) environmental management to ensure that land and soil resources are kept in good shape, that the country's productive bases are preserved and that production systems are improved; (iv) raising of productivity, and (v) the setting of livestock production on a firm footing.

96. The strategy identified for achieving these goals is based on homogeneous spaces, complementarity between livestock raising and the other productive activities and also on the macroeconomic dynamics. The configuration of the livestock production systems, the levels of the producers, and their objectives call for actions to be tailored zone by zone so that the constraints and potentials can be taken into consideration.

97. A number of short and medium-term actions have been identified with a view to ensuring a smoother flow of activities through the livestock-meat subsector, the revival of dairy production, increasing the numbers of short-cycle species (sheep and goats and local poultry), ensuring of permanent availability of fodder resources, and the processing of livestock byproducts (for example, skins and horns). In addition to the establishment of appropriate infrastructure facilities (such as regional-level abattoirs) and control of diseases affecting sheep and goats, which play an important role in wealth creating, the following measures will be applied:

Financing: the State has pledged to increase, by 2005, the livestock raising subsector's share of financing to about 10 percent of the total volume of public investment allocated to the primary sector;

Credit: the intention is to set up specific lines of credit for development of the different subsectors in order to encourage greater involvement by the private sector;

Organization: steps will be taken to improve marketing channels;

Health: livestock services will be properly equipped to enable them to perform their health control and inspection functions properly.

4.1.4. Revival of Fishery

98. Because of the catches brought in under the fishery agreements and its considerable contribution to the increasing of exports and job creation, particularly in favor of the population groups most affected by poverty, fishery plays an important role in the national economy and in Senegalese society. It provides paid employment for almost 17 percent of the active population, i.e. about 600,000 persons. Deep-sea fishing and its related activities play a significant role in the wealth-creation process. In 1999, for example, the sector's total turnover was CFAF 293 billion, of which CFAF 108 billion was accounted for by landings and CFAF 185 billion by export receipts.

99. However, like agriculture, the sector is currently faced with some major constraints which can be summarized as follows: (i) the smallness of the fishery zones compared with the importance of the activity and the increasing scarcity of the resource, which accentuates the pressure and exacerbates the conflicts; (ii) the obsolescence of the fishing vessels and of the national fishing fleet; (iii) the inadequacy of the basic infrastructure in the fishery centers (landing areas, means for preserving and transporting the products, etc.); (iv) the inadequate training and the organizational weakness of the players in the different subsectors; (v) the difficulties in supplying land-based units; (vi) the low level of added value and of productivity; (vii) the fact that certain products are not competitive in the international market, and (viii) the unsuitability of the financing systems of non-industrial and industrial fishery activities.

100. With the aim of reversing these negative trends, the following objectives have been defined in conjunction with the sector players: (i) sustainable management and restoration of fishery resources; (ii) meeting domestic demand; (iii) maximum upgrading of fishery products; (iv) qualification of sector professionals; and (v) developing and making available to sector professionals financial instruments able to meet the investment and operating needs under conditions compatible with the financial viability of fishery activities.

101. To achieve these objectives, the overall strategy thus formulated with the players involved is based on rational and responsible use of fishery resources, better protection and an institutional environment better suited to the sector's development requirements and also more balanced international cooperation. This strategy possesses the advantage of having, on the basis of a broad national consensus and a participatory approach, identified the problems and proposed solutions for all stages of the cycle of fishery activity, from upstream to downstream: catches, exploitation-processing and marketing. More specifically, the main measures proposed aim to ensure the sustainable management of the resource and the

viability of the fisheries, meet domestic demand for fishery products, improve and modernize the conditions under which nonindustrial fishing is carried out, upgrade production and, finally, develop a sustainable fishery-financing system.

4.1.5. Promotion of Craft Activities

102. Craft-type activities play a fundamental role in the development process and constitute an important source of income for the poor in urban areas. Nevertheless, there are still some difficulties in the way of the sector's full development. These are connected with, among other things, (i) the weakness of the advisory services and basic infrastructure; (ii) lack of operating funds and inadequate self-financing, but also of premises set up for use by artisans and craftworkers; (iii) access to markets that is often difficult, particularly where public contracts are concerned; (iv) limited access to credit, due in particular to the banks' lack of confidence in the sector and the absence of financing systems suited to the sector's needs, and (v) irregular access to quality inputs.

103. Consequently, the priority objectives adopted for this sector, achievement of which would contribute significantly to increasing of the players' incomes and, through induced effects, to reduction of poverty as a whole, are aimed essentially at:

- **Financing of the sector:** Setting up of decentralized financing systems that are technically and financially very solid, so that they will gain the artisans' confidence and cause them to make intensive use of these facilities, since it will be viewed as their own financing system;
- **Marketing and outlets:** Improving the quality of craft products in order to make them more competitive on the international market. This will involve the mastery by artisans of modern sales and export techniques;
- **Training:** providing ongoing training for artisans and their advisers in modern and simple production, marketing, management, communication and support techniques, in an appropriate infrastructural framework.

104. The necessary strategies for achieving these objectives can be summarized as:

- **regarding the financing of the sector:** building the management capacity of the decentralized financing mechanisms by means of staff training and monitoring the supervision of their activities and bringing their financing system into line with the realities of the sector;
- **regarding the marketing and promotion of craft products:** improving the quality of the products, covering the local market by creating a distribution system based on "craft villages" and setting up decentralized distribution centers. These products will also be promoted in the international market by participating in fairs, exhibitions, cultural events, festivals, etc.;

- **regarding training and advanced training:** making the financial partners aware of the need to provide ongoing training for artisans and their advisers, and to rehabilitate and modernize the training centers.

4.1.6. Strengthening the Industrial Structure

105. To restructure the production apparatus and basing itself on the experience of numerous Asian countries, Senegal will work to create and develop new branches of industry through promotion of small and medium enterprises and industries (SMEs/SMIs). This restructuring should make it possible to remedy the chronic trade deficit by developing exports while at the same time building the industrial sector's capacity to generate new jobs to help take care of unemployment and underemployment. To do this, the improvement of the macroeconomic framework needs to be accompanied by establishment of an environment much more favorable to SMEs/SMIs by means of simplification of establishment and investment procedures for them, easing of the tax burden and consolidation of the legal framework for business by setting up and strengthening commercial courts, but also by facilitating access to credit for small business owners. In this respect, the industrial development strategy will be based essentially on the following actions:

- the drawing up of a new Investment Code that is simpler and more flexible;
- a tax policy favorable to SMEs/SMIs and to foreign direct investment;
- establishment of a credit program tailored to SMEs/SMIs;
- a more focused channeling of public investment toward raising of productivity;
- establishment of strategic partnership relationships between the local private sector and foreign enterprises in the key sectors;
- exploitation of the opportunities offered by regional integration and cooperation with neighboring countries;
- building of the human and technological capacities that these enterprises need;
- setting up a mechanism for support to the enterprises and monitoring of their performance.

4.1.7. Energy

106. In addition to the intersectoral links between energy, on the one hand, and agriculture, health and education, on the other, energy is also a significant factor in terms of development, primarily because it is a household necessity but also as an input whose cost directly affects the competitiveness of products. In particular, one important step will be to explore more rationally the geographic distribution of all the energy sources that are

available but unequally distributed. In the rural areas, where the incidence of poverty is greatest, electrification not only makes it possible to respond to the energy demand for vital needs such as dewatering and drainage, irrigation, conservation, processing of agricultural products and creation of SMEs/SMIs, but also to raise the population's living standards. Development in synergy of rural electrification in conjunction with sanitation and water supply will thus be a priority. The State has already initiated several actions in the sector, including the privatization of SENELEC, the deregulation of the sector with price adjustments in accordance with the international market, and the subsidizing of small gas bottles on account of the impact on poor households and the external effects on natural resource use.

107. The overall strategy for developing the sector incorporates the following priorities: (i) development of production capacities (promotion of electric power use in productive activities); (ii) development of energy infrastructures and services through involvement of the private sector, village associations and local authorities; (iii) ensuring the financing of development activities for the energy subsector; (iv) diversification of energy sources; (v) improvement of and ensuring the population's access to household fuels, and (vi) strengthening of rural electrification.

4.1.8. Mining

108. With a total turnover in excess of CFAF 100 billion and accounting for more than 20 percent of the country's exports of goods and services, this sector represents a motherlode of resources. Senegal's subsoil in fact possesses a great variety of mineral resources: phosphate, attapulgit, iron, gold, copper, peat, silica, titaniferous extra-siliceous sands, limestone, marble and various rocks usable for producing the aggregates necessary for local construction. The most important resources are phosphate and attapulgit, iron, copper, titaniferous extra-siliceous sand, gold, peat and sandstone.

109. However, the sector is faced with numerous obstacles, the result being that despite this great mining potential, only phosphate, attapulgit, and building materials are currently exploited. The biggest obstacles are: (i) a Mining Code that is unattractive for investors, involving complex and cumbersome procedures for mine acquisition, among other things; (ii) the absence of a mining policy focusing on endogenous development that could impart a powerful boost to national revenues; (iii) the considerable investments required for developing mining projects in Senegal, and (iv) the absence of efficient transport infrastructure (roads, railways, waterways and ports) in the areas with special mining potential.

110. In light of these constraints, the strategies to be followed will focus on: (i) drafting mining legislation that is sufficiently attractive and promoting a mining policy that will favor sustainable development; (ii) favoring the emergence of non-industrial and semi-industrial mining activities in the mining regions, which are moreover still at a low level of development, and (iii) helping to diversify the income sources of rural communities by putting a special effort into research to devise new applications for substances for which there is presently little demand.

4.1.9. Tertiary Sector Activities, Basis of A Major Contribution to GDP

111. Since the beginning of the 1990s, with the mixed results of the new agricultural and industrial policies, the tertiary sector has become a very significant component of economic activity. Accounting for nearly 60 percent of GDP, the tertiary sector has contributed substantially over recent years to raising the country's level of economic activity. Commerce, tourism and tele-services have been particularly dynamic.

112. Commerce is the chief field in which the informal sector operates and the main source of jobs in urban areas, especially for women and for people who have just moved into the city from the countryside. The low level of qualification and investment required makes it a prized sphere of activity for the Senegalese. The strategies to be developed will have to allow improvements of the information system on markets, diversification of markets and of products to be exported and imported, accessibility of products that are items of everyday consumption and, lastly, increased participation by national economic operators in the marketing of local production.

113. Tourism brings in an appreciable contribution to Senegal's economy, ranking second after fishery among the sectors that generate foreign exchange for the economy. In 2000, gross earnings from tourism amounted to some CFAF 97 billion. The principal objective here will be to safeguard the tourism potential and to derive maximum benefit from it. The development strategy for the sector, for which an integrated tourism development masterplan has been drawn up, which aims at strengthening what is already in place, involving nationals in the operation of the sector and a very ambitious target of attracting 500,000 tourists per year of Senegal over the next five years. The main goals of this plan are establishment of a Tourism Code, development of new sites, development and diversification of products and markets with, in particular, promotion of both upscale tourism and charters. This strategy will be combined with promotion and support for group leisure experiences and support for development of the trades and occupations connected with leisure activities.

114. The State will work on: (i) implementing a vigorous policy of developing tourism sites and the roads serving them; (ii) encouraging the involvement of private entrepreneurs and investors in the operation of tourism facilities and in the investments required by means of targets supporting measures (financing, taxation, land, etc.); (iii) initiating an air transport policy that is clearly conducive to development of the sector ("open skies"); (iv) undertaking aggressive promotion of Senegal as a tourism destination in the main markets from which tourists come and, lastly, (v) taking firm action against crime in order to ensure a safer and healthier environment for tourists.

115. Development of tourism within a competitive cluster also including culture and crafts will be the subject of a long-term strategy aimed at job creation, regional development, stimulation of growth and increasing of local added value.

116. With an enriched annual cultural calendar, Senegal can position itself as a major cultural and leisure attraction. However, the absence of recognition and formal regulation of

culture-related trades and occupations causes this subsector to remain in the informal sphere and constitute a marginalized activity. Some quite considerable numbers of people, especially young folk, who go into these trades find themselves without fixed incomes and social assistance. Their activities are not currently listed among the occupations to be developed and promoted.

117. To promote this group of cultural entrepreneurs, players and workers, the State will establish a favorable legal and taxation environment and will accord the sector official recognition. This will make it possible to create coverage mechanisms through the establishment of mutual insurance societies, capacity-building support for the Ministry of Culture's and also support for cultural development institutions.

118. Development of the new information and communication technologies is also one of the priorities adopted by all the players regarding promotion of services. In this connection, the State intends to speed the development of tele-services by promotion of private investment that will enable a marked increase in access to telephone and Internet services, together with creation of employment. The following steps will be taken to this end: (i) develop the public tele-services market by 2003, (ii) encourage the private sector to seize the opportunities offered in the field of tele-services, and (iii) increase and diversify the provision of tele-services in the regional markets.

4.1.10. Accompanying Measures

Wealth Creation in a Sound Macroeconomic Framework

119. To be sustainable, the development of the productive sectors must also be accompanied by a development strategy for the complementary sectors and areas, but also for a sound macroeconomic environment. The sector policies therefore seek to promote investment, exports, the new information technologies, and employment, while also improving the framework in which the different economic players operate.

120. Macroeconomic stability is essential for any strategy designed to favor sustainable economic growth. In particular, high inflation, which is prejudicial to economic growth, tends to erode the purchasing power of the wages and assets of the poor more than those of the nonpoor. In the same way, large public and balance of payments deficits can lead to crises that affect the poor more than the rest of the population. Macroeconomic stability, on the other hand, encourages investors--both national and foreign--who are then all the more motivated to invest in the country. By pursuing sound economic policies, the managers of the economy send the private sector clear signals. Prudent macroeconomic policies also make it possible to achieve low and stable inflation rates, which serve to strengthen investors' confidence. For all these reasons, the principal objective of the macroeconomic policy will be to establish and reinforce macroeconomic stability.

121. The actions and reforms planned to this end will aim primarily at adjustment of the macroeconomic framework by means of prudent budgetary and monetary policies. Since Senegal does not have an independent monetary policy because it is a member of a Monetary

Union, special emphasis will be placed on improvement of the budgetary context, which will be defined fully consistently with the convergence criteria fixed under the multilateral surveillance arrangements of the West African Monetary Union (WAMU). In this connection, the State will take the necessary steps to broaden the tax base with a view to bringing the tax burden to a relatively satisfactory level. The tax policy will also be characterized by simplification of taxation to increase yields, reduction of marginal taxation (direct taxes) and a broadening of the base in terms of more efficient collection.

122. Public expenditures will be closely monitored to ensure that there will be a positive basic budget balance. In this context, effectiveness and quality of the spending will be a priority and will be sought by, among other things, progressive generalization of budgeting by objectives. Moreover, the State will pursue its policy of overhauling public enterprises and establishments and will take care to ensure for the medium and long term that the special treasury accounts are balanced. It was for this purpose that the measures designed to ensure the long-term equilibrium of the National Pension Fund were implemented. Regarding the wage bill more specifically, the objective will be to keep it below 30 percent of tax revenues, compare to the ceiling of 35 percent set in the multilateral surveillance arrangements.

123. Moreover, the State will keep domestic bank financing at levels that will make it possible for the private sector to obtain financing and will pursue the policy of not allowing domestic or external arrears to build up. In this respect, the State will do everything possible to fully repay in the short term the direct monetary assistance received under Article 16 of the Articles of the BCEAO. To take the place of direct monetary assistance from the currency issue agency, the State will resort to the alternative source of financing offered by the regional market for public debt bonds in order to cover its financing needs. The State will also support the surveillance agencies in their policy designed to maintain the viability of the banking system, through, among other things, observance of the prudential rules. As regards external financing, the State will limit itself to financing at concessional rates. All in all, the State will take all necessary steps to keep the basic budget balance (excluding PPTE) at around 2 percent of GDP.

Private Sector Capacity-Building

124. Besides creation of a stable and strong environment, the measures envisioned for significantly increasing the level of investments will aim at opening up the economy more and promoting foreign direct investment. In parallel, the reforms designed to create a sure and stable legal framework already implemented will be vigorously pursued. These reform programs, prepared by the State, should make it possible to expedite changes in all sectors of the economy and to facilitate new sources of growth. In addition, the limited dimensions of the domestic market confer a strategic role on export promotion for achieving strong growth.

125. Promotion of exports, especially nontraditional exports, will contribute to the accomplishment of three objectives: sustainable growth, a viable balance of payments and an economy less vulnerable to fluctuations in the prices of primary products. It must be supported by an effective diversification policy, the placing of great emphasis on quality, a good understanding of the benefits and constraints of international agreements by the private

sector and the support agencies and forward monitoring of the development of world demand. In the context of the development strategy for the private sector, export promotion will incorporate two primary areas of emphasis: (i) encouraging existing enterprises to penetrate new export markets, and (ii) supporting the emergence of new export enterprises.

126. The specific activities that will support implementation of this strategy will aim at: (i) fostering a positive image of Senegalese products abroad; (ii) preparing promotion aids; (iii) identifying opportunities; (iv) promoting export-mindedness; (v) formulating on a participatory basis a strategy for moving into the world market with an effective export policy; (vi) preparing capacity-building programs, and (vii) contributing to improvement of the legal and institutional environment.

127. Promotion of investment and export promotion are two of the functions identified and adopted by the private sector development strategy formulated jointly by the State and the employers' organizations in 1999 and updated in 2001 as a means of support for the rationalization of the support mechanism for private enterprise. In addition to the objectives of strengthening the long-term bases for development and improving the effectiveness of the State's intervention, this strategy places emphasis on capacity-building in the private sector. The weak capacities of the great majority of developing country enterprises, aggravated by the markets' shortcomings, explains the need for the State to put a coherent and efficient support mechanism in place for the private sector. Accordingly, the objectives of the strengthening of the mechanism are: (i) to promote investment and exports; (ii) to provide support and technical and technological assistance to enterprises; (iii) to promote quality and standardization; (iv) to improve access to credit for enterprises; (v) to strengthen the dialogue and consultation between the State and the private sector; and (vi) to ensure the coordination and rationalization of initiatives taken for developing the private sector. In general, the focus will be on favoring the implementation of the action plan of the private sector development strategy. In this respect, the strategy recognizes the need to:

- **intensify the internal adjustment of enterprises** in order to align the skills and behaviors of heads of businesses on the universal rules of modern management to facilitate their participation in a national and international environment marked by increasingly fierce competition. In this regard, the support mechanism and the employers' organizations will have an augmented role to play for the assistance they will be required to provide heads of businesses.
- **make the employers' and professional organizations more representative, stronger and more oriented toward the enterprises' needs.** The private sector organizations have to set themselves two principal objectives, namely improvement of their services to their member enterprises and strengthening of their proposal and analysis capacities. The resources for achieving these objectives are expected to come largely from the private sector, but also from the State and its development partners.
- **revitalize the chambers of commerce and trade.** This will involve the radical reform of the trade organizations and the strengthening of their interface role between the public and private sectors.

- **rationalize and strengthen the private sector support mechanism.** The weak capacities of the great majority of developing country enterprises, aggravated by the markets' shortcomings, explain the need for the State to put a coherent and efficient support mechanism in place for the private sector. The strengthening of the mechanism should make it possible to: (i) promote investment and exports; (ii) provide support and technical and technological assistance to enterprises, and (iii) promote quality and standardization.
- **simplify and rationalize the system of tax incentives for investments,** by reforming the Investment Code, the industrial domains system and the Community Investments Code.
- **simplify the procedures connected with certain activities pertaining to company formation in the context of the legislative mechanism.**
- **improve taxation so as to increase tax yields** by simplifying the tax base for income tax, instituting special tax treatment for SMEs and involving the private sector more in studies on taxation.
- **pursue and deepen the privatization process,** in particular by the development and encouraging of small investors and stockholders.
- **improve enterprises' access to credit,** in particular by: (i) revision of commercial law to better facilitate the need to develop the financial markets; (ii) reform of the taxation of financial transactions; (iii) encouragement of the setting up of specialized banks; (iv) encouragement of the establishment of windows specially for SMEs in banks; (v) promotion of the development of a market for negotiable debt instruments issued by enterprises, and (vi) support for the development of the BVRM, specifically by sale on the stock exchange of a part of the securities of companies to be privatized.

128. The different functions outlined above will be handled by agencies and organizations which, to be efficient, will need management and decision-making autonomy comparable with that of a private enterprise, while being in a position to work in close collaboration with the authorities in order to ensure fulfillment of the respective commitments of the different players and to be able to resort to a quick-acting arbitration system that will make it possible to facilitate the activities and to conduct periodic performance evaluations.

129. The onus will be on enterprises to work toward the economic and social objectives of the poverty reduction strategy in their dialogue and consultation with the State and the social partners, in the context of a social charter among other things. With regard to infrastructure services in particular, such as water supply, electricity, telecommunications and transport, the State will complete the establishment of a regulatory framework conducive to development of private investment and poverty reduction.

Support Policy for SME Development

130. As in all developing countries, SMEs have a key role to play in Senegal in the sphere of economic growth and development. This justifies support from the State for this category of economic agents. The lessons drawn from experience (in Senegal and elsewhere) with the different forms of support for development of SMEs and private enterprises have led the State to adopt a strategy focusing on the following points: (i) stimulation of entrepreneurial enterprise; (ii) organization and facilitation of access to advisory services; (iii) setting up of a coordinating agency for the total support system; (iv) creation of an environment favorable to enterprise development, and (v) coordination of direct international support for enterprises. The instrument for implementing this policy will be the SME Development Agency [Agence de Développement des PME-ADPME], which will specifically target SMEs in the formal and informal sectors, enterprise founders, and service providers.

131. Regarding financing, the experiments currently underway for promoting SMEs need to be consolidated with the aim of removing the main obstacles, which are contribution of own funds, provision of guarantees that are both sufficient and realizable, and the quality of the dossier. Approaches to potential local sources of financing should also be developed, with special emphasis on mutual savings and loan institutions which are presently thriving and for which a legal framework has already been set up at WAMU level for preserving their solvency. The development of microfinancing, aimed at assisting small businesspersons, enables low-income clients of mutual institutions, and especially women, to increase and stabilize their incomes, in both urban and rural areas.

Employment Policy in Support of Wealth Creation

132. Inasmuch as it is the main vehicle for breaking the cycle of poverty, employment will be a central concern of the economic and development policies. The employment policy will focus on: (i) labor management measures that will help to increase capacities and the possibilities of access to employment for the poor; (ii) improvement of the management and employability of labor; (iii) greater efficiency and transparency of the employment market; and (iv) promotion of independent employment in rural and urban areas.

133. These measures will be accompanied by promotion of highly labor-intensive (HLI) activities which offer the possibility of preferential treatment for intensive use of local labor in the construction, rehabilitation and maintenance of productive, economic and social infrastructure facilities. The HLI approach should definitely be used in works initiated by the State and local authorities with the assistance of the Municipal Development Agency [Agence de Développement Municipal-ADM] and the Executing Agency for Works of Public Interest [Agence des Exécutions des Travaux d'Intérêt Public-AGETIP]. Properly organized and managed, this approach can be an effective means of combating underemployment among urban young people, since underemployment is the main cause of their poverty.

4.2. Capacity-Building and Promotion of the Basic Social Services

4.2.1. Human Capital and Capacity Building

134. The establishment of basic infrastructures that are better in terms of quality and geographic distribution, together with availability of essential social services are prerequisites for strengthening the stock of human capital and offering viable solutions to the social demands through appropriate investment, particularly in the fields of education, health, hydraulic engineering and transport. All the communication media available in the culture sphere (theater, cinema, drawing, painting, etc.) will be used for conveying information and building awareness in all the spheres of intervention.

4.2.1.1. Education and Training

135. In 1998, the State launched the Ten-Year Education and Training Program (PDEF) which sets the government's policies with regard to education up to 2010. This program, which ushers in a new phase in the development of the education system, was initiated by the State in collaboration with the financial partners, civil society, and the institutions and agencies of the education sector with the aim of spurring quantitative and qualitative development of the education and training system. It is strengthened in its objectives by the Education For All (EFA) Program. The principal objectives set for the different levels of education are: (i) universal primary education by the year 2010; (ii) reallocation of 49 percent of the national education budget to elementary education; (iii) improvement of access to all levels of education for girls and lengthening of the time they spend in formal education; (iv) greater access for students to middle and secondary education; and (v) improvement of the quality of university education and research.

136. Correct execution of the ten-year program is a priority for ensuring achievement of the target of universal enrollment (gross enrollment rate in elementary education 100 percent) by the year 2010. In addition, better control of flows, alignment of technical and vocational education on the needs of the national economy and better allocation of public funds will serve to enhance the effectiveness of the education and training system. The private sector and non-formal education will continue to be utilized to reinforce the pursuit of the goal of education for all and satisfying the strong demand. In this connection, the State will ensure that the actions included in the programs currently underway are strengthened by placing emphasis on basic education for the most underprivileged strata of society, enrollment of young girls, non-formal education for adolescents and adults who do not have access to the formal system, eradication of illiteracy, particularly among women, and reduction of the disparities between regions and between urban and rural areas. Based on this approach, women's and young people's organizations will be actively involved in the implementation of the different actions.

137. The advances achieved in education and literacy will have to be pursued if the priority objectives spelled out for this sector are to be accomplished. These objectives include: (i) raising of the primary education enrollment rate from 70 percent to 2001 to 78 percent by 2003, then to 93.7 percent by 2008; (ii) increasing of enrollment rates for girls

by improving the girl/boy ratio from a little over 80 percent in 2000 to 88 percent in 2003 and raising of the quality of education services in all cycles, and (iii) steady reduction of illiteracy, with emphasis on development of a sustainable literate environment.

138. As regards very young children, the State will take steps to develop and improve in every respect the protection and education of infants and particularly the most vulnerable children from the low-income neighborhoods of the towns and the poverty-stricken rural areas. The efforts already underway through programs such as the Community Nutrition Program (PNC) will be continued and expanded.

139. In primary and secondary education the State will do everything it can to reduce the disparities between the sexes between now and 2005 and to achieve equality in this field by 2015, paying special attention to ensuring equitable and unrestricted access to quality basic education for girls with the same chances of success for them, while taking religious instruction needs into account.

140. In general, the State will work on creating the conditions that will enable it to meet the education needs of all young people and adults by ensuring equal access to appropriate programs designed to enable students to acquire the knowledge and skills necessary for daily life. Non-formal education will be supported by means of the construction of new facilities and the devising of modules for strengthening the capacities of young people and of their associations.

141. Access to middle and general secondary education will be increased to meet the demand, by doubling the total capacity of this level of education over the ten-year period covered by the PDEF, while at the same time eliminating the regional and local disparities and also rationalizing staffing with the aim of achieving a student/classroom ratio of 50 for the middle level and 40 for the secondary level.

142. Complementating of the public efforts, private education will be supported and the establishment of new schools will be rationally planned in order to facilitate and increase access.

143. The State's approach is based essentially on the following principles: (i) diversification of the types of education offered; (ii) an effective and well-coordinated partnership; (iii) strengthened decentralization/deconcentration; (iv) quality education for all (equality and equity); (v) achievement by all of the highest performance levels (quality), and (vi) transparent and efficient management.

144. The overall strategies based on the guiding principles set forth above relate to optimal management of financial and material resources, rational utilization of teaching staff, improvement of the education programs, strengthening of the school network, development of the teaching of science and technical skills and expansion of the utilization of new technologies. The specific strategies are aimed at infants, education of girls and vocational education for young people and adolescents.

145. For the development of integrated infant education, Senegal intends to: (i) base its efforts on the resources and social and cultural practices of the community; (ii) involve all members of the community in an efficient support network for young children; (iii) favor cooperation with the pertinent institutions; (iv) launch a support program for families designed to promote and encourage best practices in the health, nutrition and education spheres, and (v) pay particular attention to children with special education needs and to specific groups such as low-income families, rural dwellers, AIDS orphans, etc. The policy of providing supervised care for children will be pursued and the child-care construction program will be strengthened and then implemented nationwide.

146. In order to effectively encourage education for girls at the elementary level, the State will employ the following strategies: (i) a real social mobilization of the entire community; (ii) development of a partnership around the school by means of an effective approach to the gender question; (iii) the system of rewards and media attention for outstanding performers (female students, teachers, principals); (iv) research and action to find means for eliminating inequalities between regions and between the sexes. Application of techniques suited to each environment will call for precise understanding of the questions that arise, so that families will be able to find pertinent responses to their concerns.

147. For vocational education for young people and adolescents, the strategies will center around: (i) in-depth review of formal and non-formal education (literacy, basic community education, etc.) offered and the establishment of a new menu; (ii) preparation/review of the training programs according to the skills-based approach; (iii) promotion of a dynamic partnership with the private sector; (iv) organization of the apprenticeship system by developing a consensus, basing apprenticeship on social solidarity values and establishing an appropriate legal framework; (v) reduction of the inequalities between the sexes, and lessening of geographic disparities by paying special attention to girls and consistent support for the underprivileged areas; (vi) training for adolescents and young people from 13 to 18 years of age without the minimum equipment for working life; (vii) extension of the field of action to include attitudes and values connected with peace, tolerance, health, preservation of the environment, vocational skills in languages, arithmetic, etc.; (viii) alternation between theory based instruction and work place training, and (ix) development of the *faire-faire* (outsourcing) approach along the lines of that applied in literacy training.

4.2.1.2. Health

148. In addition to primary care, development of which has been a priority since the 1978 Alma-Ata conference, followed by the International Conference on Population and Health held in Cairo, Senegal's health and social action policy has been based fundamentally on prevention. However, the impact of the State's efforts in increasing the health budget over the last ten years in order to achieve by 2002 the 9 percent of the national budget recommended by WHO has been weakened by the lack of personnel and health facilities and the resultant deficiencies in health care.

149. By means of the National Health Development Plan (PNDS) launched for the period 1998-2007 following broad-based consultations with all echelons of the health pyramid, the State is focusing principally on improvement of the well-being of the population by reduction of mortality, especially child and maternal mortality, morbidity, disabilities, etc.

150. The programs for implementing the PNDS aim at “promoting access to the socio-health services for the poor” by means of: (i) improvement of access for the poor to the medical services; (ii) development of community-based health services, and (iii) improvement of hygiene and sanitation in rural and suburban areas.

151. Five priority objectives have been set: (i) improvement of the quality and supply of health services in the regions where the health situation and the degree of poverty are still considered matters of concern; (ii) development of community-based health services; (iii) development among the population of attitudes and behaviors focusing on disease prevention and (iv) HIV/AIDS and malaria control, and (v) lowering of maternal and infanto-juvenile mortality.

152. The strategy adopted will be based on: (i) correction of the problem of insufficient access to care services by means of a policy of providing sufficient infrastructure facilities of good quality coupled with recourse to community-based services to offset the shortage of personnel; (ii) reducing of health expenditures (especially drugs) for the poor; (iii) access to health mutual insurance societies; (iv) human resource development; (v) support for the private sector and traditional medicine; (vi) strengthening of the control of endemic disease and of epidemiological surveillance; (vii) enhancement of the performance of the reproductive health programs; (viii) institutional support for the central, regional and district levels; and (ix) promotion of individual and collective preventive measures by means of hygiene and sanitation and development of prevention reflexes through a community-based approach. Specific actions will be developed with a view to reducing maternal mortality, in particular prenatal consultations and raising of awareness of the effects of premature marriages. Strengthening of the vaccination programs should help to reduce child mortality.

4.2.1.3. Drinking Water

153. The large-scale programs of actions undertaken or envisaged in the water-supply sector relate essentially to management of water requirements. They are designed to ensure that the water resources available and the demand for water generated by the country’s economic and social development are kept permanently in balance.

154. Consequently, the drinking-water distribution efforts currently underway will be pursued and intensified in order to achieve Senegal’s objective, namely to ensure easy and permanent access to drinking water and to improve hygiene conditions by raising the level of access, presently 28 liters capita and per day, to 35 liters per capita and per day by the year 2010 in accordance with the WHO recommendations. The actions will be underpinned by a program of equipped and interconnected boreholes for villages with over 1,000 inhabitants

that are not served by traditional supply systems and in urban and suburban areas by the installation of social connections for drinking water.

155. By way of priority objectives, the intention is to increase the quality and accessibility of drinking water (less than 15 minutes away), which is presently 87.9 percent, to 100 percent by 2010, by providing 600 rural localities with motor-driven boreholes in the short term, constructing 500 boreholes or modern wells for communities still without access to drinking water and rehabilitating 100 boreholes that have been in use for 30 years.

156. The strategies adopted are centered around: (i) control of demand by comprehensive planning of all the satellite villages within a radius of 5 km around the borehole; (ii) development of supply lines with appropriate storage facilities and interconnection of the boreholes; (iii) general introduction of social connections and promotion of measures to maximize the economic benefits obtainable from water points; (iv) combining of every drinking-water access project in rural areas with a rural sanitation project; (v) permanent maintenance of structures and facilities in accordance with the reform guidelines on management of hydraulic engineering works; (vi) desalination facilities for supplying zones where boreholes are not a solution, and (vii) promotion of new and renewable energy sources for motive power for the installations and facilities.

4.2.1.4. Transportation and Mobility

157. In general, the poor appear to be one of the most mobile population categories within the society, even though means of transport are in short supply. This high degree of mobility enables these populations to obtain the external resources necessary for their survival. Infrastructures such as roads, railways and other means of communication are an essential element in alleviating regional isolation, especially for remote regions. Transportation can have a significant positive impact on poverty reduction in that it affords access to existing or potential resources. Populations can not only move more easily between rural and urban regions, but are also more likely to be informed of existing opportunities. However, the supply of urban transport, public or private, does not allow populations living on the urban fringes to move about at any time of day. The government, in collaboration with municipalities and the private sector, will endeavor to better organize the sector and to improve rural and urban transport.

158. The priority interventions envisaged have to do with : (i) renewal of the fleet of public transit vehicles; (ii) streamlining the supply of transportation in order to eliminate all practices that drive costs up; (iii) providing employment security to transportation employees by granting them an official and standardized status; (iv) strengthening intercity linkages.

159. These interventions are a complement to the Transport Sector Program (*Programme Sectoriel des Transports*, PST2). The objective of this second Transportation Sector Program, which became effective on December 31, 1999, is to increase the efficiency of service provision operations and infrastructures in order to boost economic growth, reduce poverty and protect the environment. It is based upon various modes of intercity and international transportation. The strategy adopted consists primarily of the following: (i) measures to

strengthen institutions and modernize structures in order to increase the sector's efficiency, and boost capacities in the areas of planning, programming, design and institutional management; (ii) maintenance and rehabilitation of infrastructures, especially for the railroad; (iii) strengthening of private sector involvement in the sector's management and investments; and (iv) finalization of the rural transportation strategy, which is an outgrowth of the National Rural Infrastructure Program (Programme National d'Infrastructures Rurales, PNIR).

4.2.2. Natural Capital and Quality of Life

4.2.2.1. Management of Natural Resources and the Environment

160. Natural capital helps to enhance human capital and, like human capital, it is an important ingredient in long-term growth as well as in quality of life. Thus, in the area of natural resource and environmental management, the following priority objectives have been identified : (i) development of forestry resources (i.e., rational and sustainable exploitation, diversification of fuels, reduction of consumption-related losses); (ii) environmental protection and anti-desertification efforts; (iii) protection of fauna and flora; (iv) protection of the marine and coastal environments; (v) pursuit of a balance between satisfaction of the population's needs and the preservation of biodiversity ; (vi) capitalizing on wilderness resources; (vii) improvement of living conditions in urban and rural milieus; (viii) strengthening of the capacity to manage natural resources and the environment by means of training, education, outreach, literacy programs, etc. ; (ix) increased access for poor populations to alternative energy sources; (x) community-based management of protected areas; (xi) optimization of government interventions, in accordance with the Environmental Code.

161. To this end, the strategy chosen will involve procedures that focus on: (i) protection and regeneration of fragile resources; (ii) preservation of the reproductive base within a balanced and productive environment (e.g., rehabilitation and restoration of degraded lands, etc.); (iii) improved management of protected areas and nature preserves by mitigating population pressure on the environment, particularly through the participatory development of Land Development and Occupation Plans (Plans d'Aménagement et d'Occupation des Sols, PAOS); (iv) improvement of sanitation systems and garbage collection and processing.

162. The strategic themes for improving natural capital require a better institutional framework and better organization of environmental management, the instilling of positive attitudes about ownership of the strategies and interventions on the part of all participants, and the promotion of natural resource preservation and protection.

4.2.2.2. Sanitation

163. A decision has been made to increase, over the medium and long terms and in rural as well as urban areas, rates of sanitation service coverage and rates of access to services, in order to improve the population's living conditions by means of specific interventions. The

rate of access to urban sanitation, which is 37 percent overall, is to be doubled in Dakar and its environs, and the rate of latrine usage in rural areas is to increase significantly.

164. The Sanitation and Hygiene Promotion Project selected for this purpose covers 150 localities and promotes, by means of a pilot operation, the development of sanitation in rural areas, with the following specific objectives: (i) improved access to adequate systems of human waste disposal; (ii) improved access to adequate systems of wastewater and household water evacuation; (iii) positive changes in the attitudes and behaviors of beneficiary populations; and (iv) the dissemination of appropriate and low-cost technologies.

165. In order to attain these objectives, the strategy adopted will emphasize four themes grounded in community management, i.e. : (i) effective outreach through Information – Education – Communication (IEC) programs; (ii) strengthening of the skills and competencies of actors involved in the program (e.g., through training); (iii) assumption of responsibility by the communities, through the beneficiaries' actual ownership of the project and its future accomplishments (e.g., through the use of participatory methods); and (iv) development of a compelling argument for the project and effective communication thereof.

4.2.3. Social Capital and Good Governance

166. The promotion of transparency in public affairs, the creation of an environment conducive to private sector development and respect for the rule of law are an integral part of social capital, which is a fundamental element in stimulating economic growth. The government is expected to respond to social demands in a context of anti-corruption efforts, modernization of the administration, strengthening of democracy and decentralization, and protection and promotion of human rights. In addition, the issue of the population's ownership of the process comes up in connection with nature, the conditions of implementation and the management of economic policies. Thus, better governance of economic reforms should be promoted in order to enhance the credibility of the plans and programs initiated.

4.2.3.1. Anticorruption Efforts and Modernization of the Administration

167. Anticorruption efforts are required since corruption aggravates poverty, skews economic and social development prospects, introduces excess costs, especially for the poorest, and undermines the bases of democracy. Corruption manifests itself particularly in the awarding of public procurement contracts or in efforts to get around systems of oversight of the use of public funds. Senegal intends to make every effort to strengthen the independence and accessibility of the judiciary, an action that it considers a priority in an effective fight against corruption. Moreover, anticorruption efforts must be accompanied by a quest for a civil service of higher quality, and one that puts users first. It should be noted in this connection that households are nearly unanimous (94.5 percent) in thinking that if the government can overcome the country's rampant corruption, it will succeed in significantly improving the population's living conditions (EPPS, 2001). This aspiration to good governance--which, in the population's view, should translate into greater justice and social

equity, broader popular participation in the preparation of government decisions, and greater transparency--will be addressed under a specific program.

168. In order to achieve these goals, the strategy selected will emphasize: (i) the elimination of legal provisions that could compromise the lifetime job tenure of magistrates; (ii) improvement in the living and working conditions of magistrates, court clerks and staff of public prosecutor's offices; (iii) a complete reworking of the legal texts regulating public procurement; (iv) strengthening and enforcement of the procurement mechanism; and (v) continued civil service reform in the direction of greater professionalism and efficiency, which requires that civil servants be provided with suitable incentives.

169. In the midst of the vast effort underway to modernize the administration, which is supposed to have the ancillary result of eradicating corruption, the important challenges to note are the following: (i) respect for the principles set out in WAEMU's Code of Transparency concerning the reliability of public finance data; (ii) the timely provision of information on appropriations and payment laws and TOFEs [Government Financial Operations Table]; (iii) improved management of public finances, which requires more effective and efficient public expenditures, continued transformation of the tax system, particularly through an enlargement of the tax base and an increase in the proportion of resources derived from income taxes, and a corresponding decrease in the proportion of resources derived from taxes on consumer goods; (iv) a strengthening of the justice system, which will be a central concern. Within these various areas, the common thread and the core of the modernization of the State should be the introduction of an information system integrating the latest technologies and covering the main engines of economic development (i.e., taxation and public expenditures, civil registries, judicial archives, statistics and economic and social data, administrative information, etc.).

4.2.3.1 Streamlining and Deepening of Decentralization and Local Development

170. In Senegal, the decentralization process has gone through several stages, which have resulted in the transfer of certain skills, although several problems have been encountered in practice. Various assessments have pointed to the following: (i) a well-recognized lack of resources, on the part of local authorities, to carry out their responsibilities and applied the skills transferred to them ; (ii) the non-functionality of support agencies; and (iii) inadequate comprehension of the meaning of decentralization. Over the medium and long terms, the government is striving to forge an overall framework intended to improve local development and the financial and administrative management of local authorities, while at the same time improving human resources, the programming and financing of infrastructures and facilities and ensuring grassroots participation in support of the democratic process.

171. The government shall endeavor to pursue and deepen decentralization, particularly by supporting institutional development in order to promote a truly local administration. Provision will be made under local taxation systems to enable local authorities to derive sufficient resources for the financing of local public investments. The competencies of local authorities will be enhanced and broadened, while more rational territorial boundaries will be

drawn with a view to allowing the creation of entities that are more viable from the administrative and financial standpoints.

4.3. Improving the Living Conditions of Vulnerable Groups

4.3.1. Definition of Vulnerability

172. Vulnerability is a condition of destitution that is sometimes due to a lack of, or the inadequacy of, the income and resources that enable an individual to meet his needs, and which exposes the individual to risks that are sometimes difficult to deal with. Vulnerability may be structural or transitory. The context in which the vulnerability occurs is determined by the environment in which people are living. The means of existence and the general availability of property are powerfully affected by critical tendencies influencing the economic and social situation of individuals and their survival strategies.

4.3.2. Group Characteristics: Targeting Vulnerable Groups

173. Vulnerable groups are essentially identified on the basis of their places of residence, since they live mainly in rural areas and on the fringes of large cities. Vulnerable groups are found mostly in the following social categories: children, women, the handicapped, the elderly, young people, displaced persons and refugees.

4.3.3. Assistance to Vulnerable Groups

174. In order to alleviate the suffering of indigent populations and foster the social integration of marginalized categories and sub-groups, the government's policy is aimed at: (i) improving the social status of vulnerable and marginalized groups; (ii) facilitating the access of indigent populations to basic social services, infrastructures and facilities; (iii) implementing wealth-creating programs adapted to the situation of these target groups, particularly through micro-financing and; (iv) promoting community development.

175. In order to attain these objectives, the government will strive to: (i) consolidate and reinforce social investment programs and projects; (ii) set up a system for monitoring the impact of projects on grassroots communities; (iii) strengthen the capacities of community organizations to identify, prioritize and implement their projects.

176. Regarding the promotion of child welfare and the protection of children, the government's policy aims to: (i) ensure adequate social, health, and nutritional coverage for the children of vulnerable families; (ii) ensure the school enrollment and training of school-age children who lack parents or guardians; (iii) protect and promote the welfare of at-risk children and those in trouble with the law ; (iv) develop a strategy to take over the care and supervision of semi-homeless children; (v) mobilize public opinion in favor of an improvement in the living conditions of *talibés* in the *daaras*,¹⁰ and (vi) develop a strategy for taking in children in trouble with the law.

¹⁰ Informal schools for Koranic and Arabic language instruction.

177. This approach will be based upon: (i) continued improvement in the functioning of the primary health care system and in the system's ability to reach the children of the poor and excluded, by striving to provide high-quality and low-cost drug and greater access to health facilities, especially in the most severely affected regions of Kolda, Diourbel, Fatick and Louga; (ii) the promotion of maternal and child health education; and (iii) the continuation of the satisfactory results obtained under national health programs such as the Extended Program of Immunizations (EPI) and the Community Nutrition Project (CNP).

178. Within the overall poverty reduction strategy, the perception survey (EPPS, 2001) placed the education of children in fourth place among the population's priorities, after jobs for young people, lower prices for basic necessities and access to basic health care. As a result, and in order to bring about a significant increase in school enrollment rates in poor areas, particularly in Tambacounda, Diourbel and Kolda, the government will test educational programs involving an allocation to the poorest families in the form of food or money.

179. In this connection, the government is currently developing and implementing a nutritional policy targeting the children of the most vulnerable households. It includes: (i) the provision of school cafeterias and latrines to schools in poor areas; (ii) outreach activities, particularly geared to parents, and the promotion of oral rehydration therapy and nutritional interventions to prevent diarrheal diseases, drug addiction and growth delays. Actions initiated to develop spaces and infrastructures conducive to children's development and to combat the worst forms of child labor will be pursued and strengthened. Current child welfare legislation will be strengthened and disseminated. Provisions will be made to: (i) improve working conditions and service quality in child care facilities that are in violation of the law; (ii) design and implement measures to promote the social reinsertion of juvenile delinquents; (iii) set up appropriate strategies allowing delinquent children to resume and continue their schooling; (iv) design and implement training activities for young people; (v) create and strengthen the capacities of specialized institutions that deal with children (e.g., *talibés*, abandoned children or juvenile delinquents); and (vi) make the case, to political, religious, traditional authorities, development partners and the entire community, for better living conditions for *talibés*.

180. The government will pursue legal and regulatory reforms already begun in accordance with principles articulated in the new constitution, which explicitly recognize women's rights, particularly as regards access to land. In order to translate all these legal accomplishments into actual practice and make these rights tangible, arrangements will be made to: (i) enhance women's rights through outreach efforts directed at all parts of the population, dissemination of legal texts, etc.; (ii) improve women's economic and social situation by providing infrastructures that facilitate domestic tasks, providing rural women with appropriate technologies and equipment for the processing and preservation of products (to enable women to devote more time to productive activities) and set up funds for the economic promotion and support of women's activities; (iii) strengthen the capacities of women and reduce their vulnerability through specific measures contained in sectoral programs in education and health; (iv) improve school access and retention for girls at all

educational levels and promote professional training for women; and (v) promote the improvement of the health status of women, girls and children.

181. Concerning the handicapped, government interventions will aim to : (i) set up a national, community-based readaptation program ; (ii) improve their economic and social situation and combat prejudice against them; (iii) improve the health condition and mobility of handicapped persons; (ii) promote the education and training of the handicapped; (iii) improve their economic and social condition; and (iv) combat negative pre-conceptions about them.

182. To this end, the government will endeavor to: (i) create conditions conducive to greater access for the handicapped to drugs and existing and future health facilities, through accommodation of their physical limitations; (ii) foster, in an integrative context, handicapped access to school and university supplies, infrastructures and facilities, whether existing or under construction, through accommodation to their physical and sensory/motor challenges; (iii) facilitate the acquisition by the handicapped of the means of production in order to help them develop income-generating activities and integrate themselves into the existing networks of economic and social mobility; (iv) disseminate, using appropriate methods and supports, the positive life experience possessed by handicapped persons and change, through outreach activities, negative attitudes towards handicapped persons.

183. Regarding the elderly, there is a need to remedy the absence of initiatives directed at this population segment. In this context, the government's program on population issues provides for: (i) the establishment of a social welfare coverage system for the elderly; (ii) professional re-training ; and (iii) assurances that the elderly will be able to realize their full physical and psychosocial potential.

184. In this connection, the government will take the necessary measures to improve the purchasing power of retired persons as well as the job security of older people engaged in professional activity, and to create health care facilities specializing in geriatrics in order to better meet their health care needs.

185. In order to improve living conditions for young people, the government shall strive to : (i) boost the resources of the National Action Fund for Employment [*Fonds National d'Action pour l'Emploi-FNAE*] and the National Fund for the Promotion of Youth [*Fonds National de Promotion de la Jeunesse*]; (ii) increase the number of ADO counseling centers; and (iii) develop programs to deal with young drug addicts.

186. With regard to displaced persons and refugees, specific arrangements will be made to allow them to take advantage of wealth-generating opportunities, capacity-building, and access to basic social services. A special fund to support displaced persons and refugees will be set up with donor assistance.

187. In order to respond adequately to the situation in vulnerable areas and to ensure better targeting of interventions, the government will set up a monitoring and alert mechanism that should make it possible to pinpoint extreme valves that are "too bad" (e.g., a very high infant

mortality rate). Under a pilot phase, ad hoc programs will be set up on the basis of a mapping of vulnerability, and then progressively generalized if the targeting resulting from such a mechanism proves accurate.

188. In urban areas, the proliferation of slums in built-up areas, the constant uprooting of the inhabitants of urban fringe neighborhoods during the rainy season and the months thereafter, health and hygiene problems caused by flooding, and the dangers associated with poorly managed urbanization, constitute a set of factors that give rise to vulnerability and degrade the quality of life in low-income neighborhoods. Ensuring better access to sites-and-services parcels is a priority that can provide living conditions conducive to social well-being. Land rehabilitation should be expanded to the numerous neighborhoods affected by floods and their attendant dangers in terms of lack of public safety, precariousness of lifestyle and anxiety on the part of city dwellers.

189. The progress made by Senegal up until the 1970s in the area of planned housing has given way to the spread of shantytowns. The housing supply is inadequate and too expensive for low-income populations. Access to land ownership during one's working years thus constitutes a central concern and calls for innovative initiatives in the area of low-cost housing, particularly in the form of a Development Policy Letter on Low-Cost Housing.

190. In rural areas, in addition to under-employment, the low rate of school enrollment and low productivity, land tenure problems, shortages of water, alternative energy sources and infrastructures, have all had a deleterious impact on social organization at the village level. Thus, the government's actions on rural issues are aimed particularly at: (i) providing sustainable solutions to the perennial water shortage problem through hydraulic infrastructures (e.g., boreholes and wells) and hydro-agricultural set-ups; (ii) improving access to remote areas through the construction of feeder roads, paving of roads, refurbishment and maintenance of the railway network, and extension of the electrical and telephone networks; (iii) protecting classified forests from unauthorized cutting, clearing and devastating brush fires in order to avert desert encroachment and land tenure conflicts; (iv) regenerating natural resources through re-forestation programs; (v) building retaining dams and anti-salinization dikes in order to wage an effective struggle against the gradual salinization of soils which draws populations deeper into the cycle of poverty.

191. In a more general way, and for all the above-mentioned groups, the government will strive to encourage and strengthen formal and informal social safety nets, by facilitating especially access to social insurance agencies and by encouraging the creation of health care mutual insurance associations and other entities that confer civic and social solidarity.

192. Finally, it should be pointed out that all the above-mentioned interventions on behalf of vulnerable groups could be further strengthened with the support of development partners, in the event of exogenous shocks sufficiently strong to compromise the macroeconomic projections.

4.4. Implementation of the Strategy

4.4.1. Guiding Principles for Implementation

193. Implementation of the Poverty Reduction Strategy will be guided by the following main principles: proximity to beneficiaries; *faire-faire*; transparency; participation; equity; promptness; complementarity; and synergy.

- a. In accordance with the principle of **proximity**, the locus of decision-making concerning implementation of interventions under the Poverty Reduction Strategy must be as close as possible to beneficiaries and to their place of residence;
- b. In accordance with the *faire-faire* principle, the government recognizes that implementation of the Poverty Reduction Strategy is not a job solely for official and administrative authorities, but also for local authorities, representatives of civil society and the private sector;
- c. In accordance with the principle of **transparency**, there will be a need, at the various levels of intervention, for a set of mechanisms guaranteeing visibility and oversight, in order to strike a balance between accountability and autonomy;
- d. In keeping with the principle of **participation**, beneficiaries of poverty-related projects and programs must be involved in any decision affecting them personally;
- e. In keeping with the principle of **equity**, equal rights and responsibilities in the involvement of the various parties must be guaranteed by taking into account gender differences, social inequalities and regional and local specificities in the steering and execution of the PRSP and in the various spheres of anti-poverty activity.
- f. In keeping with the principle of **promptness**, procedures will need to be adopted to ensure both rapidity and transparency in disbursements, procurement and contract execution.
- g. In keeping with the principles of **complementarity and synergy**, the strategy must aim to combine means and resources efficiently in order to optimize results.

4.4.2. Implementation Instruments and Procedures

194. As soon as it is approved by the Boards of Directors of the World Bank and IMF, the PRSP will serve as an operational framework for the contributions of development partners to the poverty reduction effort. The PRSP is intended as a frame of reference for the creation of sectoral development plans and investment programs, while it at the same time exerts a positive influence on the various planning instruments at the local level.

195. Sectoral programs will be considered to be the main instruments of PRSP implementation. Such programs will describe, in detail and for the various sectors under

consideration, the objectives to be attained, the nature of the activities to be implemented, the zones of intervention, the implementation timetable and the anticipated results.

196. These programs will constitute a framework that is sufficiently flexible to allow better coordination of the activities of donors, who will have an opportunity to provide their assistance in areas in which they enjoy comparative advantages.

197. In addition, the particular attention that the PRSP pays to the imperative of good public management, particularly at the level of the State budget, implies that the results defined under the PRSP and targeted by the poverty reduction strategy must be founded on a better information system to clarify budgetary choices as well as on an improved budgeting process.

198. Funds mobilized in connection with the poverty reduction strategy must be integrated into the budgeting process for several reasons: the integration of poverty reduction funds into the overall budget will help avoid duplication of effort and establish coordinated linkage among expenditures. Such integration would confirm the PRSP in its role of consolidating the link between debt relief and poverty reduction.

199. Given these considerations, it is important that resources mobilized for poverty reduction be integrated into the government's planning and programming process, while at the same time all the transparency and spirit of accountability required to manage inflows for the financing of PRSP activities are maintained. In this regard, the priorities will be geared to specific basic needs and to the poorest areas (i.e., rural areas, urban fringe areas.)

200. Once the cost of the strategy's priority activities has been estimated, the requirement that all participants produce results means that that the funds earmarked for those activities must come first from the government's contribution, from debt relief and from donor assistance, and that they must be mobilized, used and their impact evaluated in a coordinated, shared, and transparent fashion. During a transition phase pending thoroughgoing reforms of public financing as a whole, mechanisms are envisaged to simplify all expenditures under the priority action program.

201. Finally, the arrangements described above aim to ensure operational responsibility for participation and for the close links that are to be preserved between debt relief and poverty reduction. In this regard, implementation of the strategy is expected to present an opportunity to build and maintain a new partnership with bilateral and multilateral donors, who are called upon particularly to coordinate their assistance in terms of volumes mobilized, procedures, and monitoring/evaluation. In the name of this new partnership, donors are expected to assign high priority to budget assistance over a period of at least three years and to integrate project funds into a sectoral program approach or "common basket mechanism," at least for the financing of priority activities under the poverty reduction strategy.

202. Over the medium term, the government will expand the practice of budgeting by objectives begun in the education and health sectors, within a framework of medium term

public expenditures that conforms to the legislation on decentralization and to international standards of transparency.

4.4.3. Institutional Framework for Implementation and Monitoring/Evaluation of the PRSP

203. The various actors (i.e., government, local authorities, civil society, donors) will be responsible for ensuring that the program actually reaches the targeted populations. In order to achieve this goal, it will be necessary to set up networks of interlocutors and representatives of target populations, including in particular agents of regionalized and decentralized government departments, local elected officials, leaders of community organizations such as village development associations, women's groups, young people's organizations and professional associations, and, more generally, organizations representing civil society.

204. Since it is grounded in the strategy's basic principles and in the dynamic of coherence with the explicitly affirmed goals of decentralization, the institutional framework in which the PRSP will be implemented can be conceived of as operating at two levels : the strategic level and the operational level.

205. The strategic level is the level at which policies are defined and formulated, whereas the operational level is the one at which policy is implemented: the latter level is the domain of programs and projects and must play out through steering committees. A clear distinction

between these two levels will help establish conditions conducive to proper implementation of policies, programs and projects and the achievement of the desired results.

206. Therefore, the government's concern is to ensure that actions carried out by the partners are in harmony with each other and that interventions in the field adhere to priorities that are defined under the PRSP and are the responsibility of the following agencies : (i) an interministerial steering and decision-making council headed by the Prime Minister; (ii) steering agencies at the central level (headed by the Minister of Economy and Finance) and at the regional level (headed by the Governor), which are the contracting authorities of the program; (iii) technical monitoring and evaluation agencies that support the steering agencies responsible for implementation.

207. The steering agencies at the national and regional levels, and those in charge of monitoring and evaluation, mobilize all the actors, namely : the administration, local authorities, civil society and the private sector. The program will be implemented by various parties involved in development at the grassroots level. Donors will be associated with the monitoring and evaluation agencies. An information mechanism will be set up to facilitate better liaison between the various agencies (see organizational chart in annex).

208. A monitoring and evaluation system is essential in order to gauge progress made towards the desired goals and results. Its objectives are: (i) to monitor the process (i.e. , the progression) of implementation of the strategy; (ii) to evaluate the program's impacts by

means of intermediate and result-based indicators; (iii) to monitor and evaluate financial implementation; and (iv) to set up an information system.

4.5. Financing the Strategy

209. All the interventions selected by the actors during the participatory process and that are supposed to have a significant impact on poverty have been listed in a measures matrix. Priority objectives and their corresponding actions have been identified in the context of a priority action plan covering the 2003-2005 period according to a procedure described in Box 5.

210. The financing required for the priority actions was then evaluated and compared to the resources available under existing programs or under the PTIP. The financing gap was calculated and distributed among government commitments and resources to be sought from financial partners, including the HIPC.

211. Implementation of the National Poverty Reduction Strategy requires additional investments of totaling CFAF 107.5 billion in 2003, CFAF 120.2 billion in 2004 and CFAF 142.6 billion in 2005. The government's contribution to these investments amounts, respectively, to 12.7 percent, 13.4 percent and 14.4 percent. Operating costs associated with the implementation of the strategy are estimated at CFAF 9 billion, CFAF 10.4 billion, and CFAF 11.5 billion, respectively, in 2003, 2004 and 2005.

212. Regarding HIPC resources, they should be allocated mainly to the rural milieu (80 percent) and the peripheral zones of large urban centers (20 percent), and more specifically to the sectors of education, health, access to water, sanitation, and agriculture.

4.6. Risks of the Strategy

213. The risks of the strategy are associated with the following : (i) external shocks that could compromise the macro-economic objectives; (ii) the capacity for absorbing resources available under the priority action plan, given current budget procedures that might compromise implementation of the strategy in terms of the promptness of disbursements; and (iii) conscientious oversight of the utilization of funds. Concerning external shocks more specifically, it should be emphasized that a certain unfavorable trend in import prices, especially for petroleum by the barrel, may bring about a fairly significant deterioration in the terms of trade resulting in reduced growth and a deterioration of external balances. The channels through which such an external shock is transmitted to growth, which have been studied using the '1-2-3' model developed by the World Bank and tailored to the case of Senegal, indicate three successive years of loss of growth 0.2, 0.9 and 0.5 percentage points-- in the event of a shock involving a 5 percent rise in import prices. Assuming the hypothesis of a 10 percent increase in these prices, these successive losses are estimated at 0.4, 1.7 and 1.0 percentage points in growth, rising to 0.6, 2.6, and 1.5 percentage points of growth, respectively, in the event that import prices increased by 15 percent. The declines in income and consumption of the poorest households subsequent to these changes in import prices range from 3 to 10 percent, reflecting a worsening of poverty.

Box 5. Senegal: Process and Methodology for Selecting Measures and Actions

At the launch seminar, the strategic poverty reduction themes and the terms of reference for conducting the debate and establishing the direction and content of the strategies were defined by a consensus reached among all those involved. Each module should make it possible to identify objectives and actions, as well as monitoring indicators. The complementarity among these activities (i.e., surveys, regional consultations, focus groups, etc.) made it possible to embrace the full range of perspectives and to involve as many actors as possible, from the local level to the national level. Compilation of the measures matrix consisted of integrating and harmonizing all these results.

Phase 1: Analysis of Results of Work

Survey results:

- Perception surveys, statistical component. This survey generated statistical data on the priorities of the poor and thus made it possible to establish a *list of interventions desired by the population*.
- Perception surveys, qualitative component. These presented an opportunity for grassroots level discussions on the everyday realities of poverty and on strategies employed by poor populations. They made it possible to specify, for each category, the *priority areas*. The regional validation workshops drew out a consensus on the regional diagnostics and the *priority strategies*.
- ESAM-CWIQ surveys. By updating the profile of poverty, the CWIQ [QUID] surveys supplied a set of indicators of access to basic social services that made it possible to target subject areas, vulnerable groups and geographic zones in which the deficits are greatest. This information was useful in *targeting priority subject areas and zones*.
- Other surveys : study of the updating of the profile of poverty. This study, which consists of an econometric analysis of poverty, made it possible to select indicators based on variables having the greatest impact on poverty reduction. Other studies, particularly the "transport/mobility" survey, helped to complete and refine actions selected during the process.

Reports on regional consultations:

Regional consultations made it possible, on the basis of a historic analysis and a shared diagnostic, to select priority objectives, specify monitoring indicators, identify poverty reduction measures and establish regional action plans.

Reports from focus groups

On the basis of reports on sectoral policy results, focus groups defined the objectives, actions required, cost estimates, and monitoring indicators for each strategic poverty reduction theme selected at the launch seminar.

Phase 2: Development of the Measures Matrix

- Step 1: setting objectives

All the objectives to be examined are listed before being sorted through, from the most general to the most specific. The objectives selected are then harmonized and made to mesh in a way that avoids duplication of effort.

- Step 2: establishment of actions

The same approach is used for the corresponding actions.

Phase 3: Establishment of the Priority Action Plan

- Step 1: Selection of Objectives and Priority Actions/Measures

Priorities selected by focus groups are compared with those emerging from regional consultations, with sustainability and anticipated poverty reduction impact being the selection criteria for the objectives and actions/measures. A draft priority action plan was prepared and submitted to the actors involved at the validation seminar.

- Step 2: Cost Estimate

For the health, education, and hydraulics sectors, available unit costs for existing programs served as a reference. For these sectors, needs were evaluated on the basis of infrastructure deficits noted during the process and socio-demographic indicators. For the other sectors, data supplied by the technical services and NGOs made it possible to develop estimates.

- Step 3: Identification of Sources of Financing

The financing requirements of the priority actions were then evaluated and compared to resources available under existing programs or under the Three-Year Public Investment Program (PTIP). The financing gap was calculated and distributed among the government's commitments and resources to be sought from financial partners including HIPC.

214. This means that the following interventions are required to minimize the above-mentioned risks:

- on the part of **government**: (i) consolidation and strengthening of a judicial environment conducive to social stability and more evenly distributed economic growth; (ii) the establishment of smooth and transparent mechanisms for the oversight, allocation, and utilization of resources;
- on the part of **civil society**: a dynamic and mobilizing role vis-à-vis individuals, groups and communities that facilitates social interaction, a sense of ownership and popular participation in the definition, implementation and oversight of policies;
- from the **private sector**: a key partnership with the government and civil society; in order to achieve this, collaborative structures will be put in place;
- on the part of **development partners**: they need to accompany the process and help absorb external shocks that might compromise macroeconomic objectives;
- on the part of **beneficiaries**: their effective involvement is required for a good level of ownership of the strategy.

Estimate of Total Household Expenditures per Adult Equivalent, Based on ESAM I

	Regression coefficient	T Student	ESAM I (1994)– average	QUID (2001)– average	Contribution
Constant	11.687	96.076	1.00	1.00	0.0
Characteristics of the head of household					
Age (in years)	-0.0216	-5.182	50.41	50.06	9.4
Age squared	0.0002	4.974	2733.65	2705.22	-6.8
Independent, non agricultural	0.025	0.958	0.21	0.23	0.5
Employed	0.030	0.891	0.16	0.19	1.1
Unemployed	-0.059	-2.242	0.21	0.31	-6.8
Independent, agricultural (reference)	-	-	-	-	-
Secondary level education	0.153	4.280	0.08	0.09	1.2
Post-secondary education	0.307	4.519	0.02	0.06	12.7
Education, other (reference)	-	-	-	-	-
Roofing materials					
Concrete	0.214	5.097	0.13	0.19	16.1
Sheet metal	0.049	2.066	0.36	0.35	-0.7
Tile/slate	0.087	2.422	0.19	0.15	-3.6
Thatch/straw/other (reference)	-	-	-	-	-
Type of toilet facility					
Flush toilet	0.314	5.995	0.07	0.07	2.7
Enclosed latrine	0.054	1.980	0.36	0.42	4.4
Open-air latrine	0.026	1.046	0.22	0.23	0.1
Other (reference)	-	-	-	-	-
Fuel for cooking					
Gas/electricity	0.124	3.535	0.21	0.34	19.7
Charcoal	-0.026	-1.069	0.21	0.10	3.6
Other	-0.209	-3.181	0.02	0.02	0.3
Firewood (reference)	-	-	-	-	-
Lighting					
Electricity	0.256	4.354	0.28	0.36	23.8
Gas lamp	0.394	2.712	0.00	0.01	1.1
Hurricane lamp	0.112	2.254	0.36	0.33	-3.3
Artisanal kerosene lamp	0.027	0.545	0.24	0.22	-0.8
Candle	0.222	3.549	0.07	0.06	-1.7
Wood (reference)	-	-	-	-	-
Ownership of durable goods					
Electric iron	0.192	3.327	0.03	0.03	-0.8
Television	0.081	2.684	0.21	0.25	3.8
Radio/tape player	0.107	5.290	0.72	0.75	4.5
Modern stove	0.281	4.979	0.04	0.04	-0.4
Moped	0.027	0.587	0.02	0.03	0.3
Automobile	0.313	6.852	0.04	0.05	3.2
Region of residence					
Urban areas	0.337	10.970	0.42	0.46	13.2
Dakar	0.080	1.644	0.24	0.27	2.9
Ziguinchor	-0.161	-3.275	0.06	0.05	1.6
Diourbel	0.050	1.121	0.10	0.11	0.3
Saint-Louis	0.077	1.821	0.10	0.10	-0.3
Tambacounda	0.214	4.379	0.05	0.06	0.7
Kaolack	-0.030	-0.742	0.11	0.10	0.4
Thiès	-0.033	-0.811	0.13	0.13	0.4
Louga	0.337	7.388	0.07	0.06	-2.9
Fatick	-0.110	-2.425	0.06	0.06	0.1
Kolda (reference)	-	-	-	-	-

Method of determination of incidence of poverty :

As a first step, expenditures per adult equivalent for 1994/95 were generated on the basis of the above estimate. The threshold leading to an incidence of poverty of 58 percent (which was the rate actually observed in 1994/95) was determined based on the expenditures generated. This threshold was CFAF 328/day in Consumption by Adult Equivalent (CAE), as against CFAF 393/day in CAE noted in the ESAM-I. Expenditures per adult equivalent were generated from the CWIQ (2001) and were compared to the threshold of CFAF 328/day per adult equivalent.

Matrix of Measures (2003–05)

For each subject area/sector, the main objectives/strategies described in the text were chosen and the priority interventions permitting their realization were defined. The priority action plan is a subset of the matrix of measures.

Creation of Wealth Within a Healthy Macroeconomic Framework

Subject Areas/Sectors	Objectives /Strategies	Actions
Agriculture	Reduce the vulnerability of agricultural activities	Precise definition of boundaries of rural communities Implementation and management of structuring investments by the government and local authorities Decrease in development costs Measures aimed at creating a functioning rural cadastral system
	Foster land development and productive investment	Awarding of land tenure guarantees Strengthening of guarantee funds Establishment of decentralized disaster funds Promotion of a legal framework conducive to the preservation and sustainable use of natural resources
	Promote an effective marketing and distribution policy	Creation of structures charged with standard-setting and warehousing Support for development of information systems Organization of regional trade fairs
	Intensify and modernize agricultural production	Support for acquisition of material resources Streamlining of conditions for credit allocation to farmers Establishment of an Agricultural Sector Improvement Fund Support for agricultural research Use of new technologies Improvement of input supply systems Promotion and expansion of access to agricultural equipment and production factors Introduction of high-yielding varieties adapted to agro-ecological conditions Agricultural training and advisory services Measures to combat land degradation Support for soil fertilization interventions Privatization of SONACOS prior to the 2003 planting season Strict enforcement of the Government/ SONACOS/CNIA frame agreement Management of stocks of selected peanut seed by seed producers
	Lighten the tax burden for the entire agricultural production chain	Revision of legal texts pertaining to rural taxation Tax measures aimed at reducing the prices of inputs and agricultural materials
	Develop irrigated agriculture	Expansion of irrigated perimeters Development of small-scale irrigation around boreholes, holding ponds, etc. Construction of anti-salinization dams and retaining dikes
	Promote agro-industry	Promotion of agro-industrial units engaged in production of substitutes for imported products Establishment of a guarantee fund Promotion of rural micro- and small-scale enterprises Strengthening of the capacities of public and private organizations to assist micro-enterprises Outreach aimed at emigrants and incentives for them to invest in the agricultural production sector

	Increase and diversify agricultural incomes	Expansion of decentralized approaches to savings and credit Promotion of exports of non-traditional agricultural products Development of so-called “niche” export products Capitalizing on opportunities presented by emerging production streams
	Enhance the role of farmers’ organizations	Development and implementation of a strategy for strengthening farmers’ professional organizations
Support infrastructures	Strengthen support infrastructures in the rural milieu	Equipment of main villages
	Expand the telephone network	Installation of new telephone hook-ups
	Increase accessibility of rural zones	Rehabilitation of unpaved roads Construction of unpaved roads
Livestock	Achieve food security	Construction of additional water points Support for development of private veterinary services in livestock zones Structuring of livestock services Expansion of the practice of artificial insemination Organization and improvement of marketing circuits Combating epidemic diseases
	Ensure equity in price ratios, city/countryside terms of trade and access to land and natural resources	Market structuring and regulation
	Increase productivity of the sub-sector	Establishment of credit lines for development of livestock production streams Fluidity of activities throughout the livestock/meat production stream Improvement of marketing circuits Resumption of dairy production Breeding of short cycle livestock varieties Equipping of livestock services
	Make livestock production less risky	Increased efforts to combat livestock theft
Fisheries	Ensure sustainable management and restoration of fisheries resources	Planning and outreach campaigns in favor of rational and responsible use of fisheries resources Safety measures for fishermen Development of a strategy to enhance international cooperation on fishing issues Efforts to combat ocean pollution
	Satisfy national demand	Development of inland fishing Promotion of the offloading of fishing harvests on Senegalese territory Distribution of fish products throughout the country
	Develop fisheries resources	Creation of an appropriate institutional environment Support for acquisition of fishing equipment Construction of fishing piers Program to support processing of fish products
	Promote credentialing of sector professionals	Support for training of professionals in the sector
Handicrafts	Set up systems of decentralized financing that are technically and financially sound	Training of agents with a view to boosting managerial and technical capacities
	Improve quality of artisanal products	Creation of decentralized distribution centers Creation of branching distribution circuits originating in villages

	Introduce permanent and ongoing training interventions for artisans and those involved in organizing them	Rehabilitation and modernization of training centers Development of outreach, information, education and communication programs in the artisans' milieu
Industry	Develop the industrial sector	Creation of a new, simpler and more flexible investment code Establishment of a credit program for SMEs and SMIs Establishment of a tax policy favorable to SMEs and SMIs and to foreign direct investment Steering of public investments towards increased productivity Establishment of strategic partnerships between the local private sector and foreign enterprises in key sectors Capitalizing on opportunities presented by regional integration and cooperation with neighboring countries Implementation of programs to build managerial capacity and technological expertise Mechanisms for supporting and monitoring performance of enterprises
Energy	Develop production capacities	Promotion of energy as the driving force in productive activity
	Develop energy infrastructures and services	Involvement of the private sector, village associations, and local authorities
	Diversify sources of energy	Establishment of niche-market energy sources Promotion and development of new and renewable energies Integration of renewable energy sources into rural development Promotion of kerosene and solid fuels Exploitation of biomass residues for energy purposes
	Improve and ensure stable access by populations to domestic fuels	Construction of charcoal terminals Outreach campaign to make population aware of options for rational energy use Access by populations to domestic fuels Establishment of a fund specifically intended to facilitate the acquisition of more efficient cooking equipment
	Enhance rural electrification	Expansion of rural electrification Program of support for the development of rural electrification Electrification of all main rural towns Electrification of education and health infrastructures Promotion of local rural electrification initiatives
Mining	Design a sufficiently attractive mining legislation and promote a mining policy conducive to sustainable development	Establishment of a new and appealing mining code
	Encourage the emergence of artisanal and semi-industrial mining activities	Strengthening of the fund for geological and mining development Technical and financial support for ore prospectors Establishment of a fund to promote the mining sector Studies to determine available resources
	Help diversify the populations' sources of income	Quest for new applications for substances with few market outlets
Trade	Develop domestic trade	Creation and rehabilitation of rural markets Improvement of market information system Promotion of greater participation on the part of national economic operators in the marketing of local production
	Develop international trade	Diversification of markets and products for imports and exports

Tourism	Preserve and develop tourism potential	<p>Development of new tourism sites Promotion of high-end and charter-based tourism Campaign to enhance the safety of tourists Establishment of a Tourism Code Promotion and support for community-level leisure activities and of professions associated with leisure activities Private sector involvement in tourism operation and investment</p>
Culture	Promotion of cultural operators and agents	<p>Creation of an attractive legal and fiscal environment Definition of a status for professionals in the sector Strengthening of institutional capacities of the Ministry of Culture Support for cultural development institutions Support for the establishment of cooperatives</p>
New Information and Communication Technologies (NICT)	Accelerate development of telecommunications services	<p>Promotion of private investment to expand telephone and Internet access Development and implementation of training programs geared to the needs of NICT production streams Program to support telecommunications firms in urban and rural areas for access to national and regional markets Support for community radio stations Development of the public market for telecommunications services</p>
Accompanying Measures		
Macroeconomic framework	Promote acceleration of growth	<p>Deepening of structural and sectoral reforms Improvement of socio-economic environment Creation of a competitive production capacity Strengthening of capacity to develop and manage macro-economic policies</p>
	Maintain price stability	<p>Prudent monetary and budgetary policies Establishment of a good supply-promoting policy in order to improve the level of supplies being brought to market Reduction of the cost of certain technical production factors Monitoring of adherence to rules governing competition Creation of sample warehouses Development of markets for local products</p>
	Maintain the fiscal balance and balance of payments at levels compatible with anticipated domestic and external financing	<p>Continued pursuit of sound policy based on a solid grasp of budgetary aggregates, in accordance with community guidelines Gradual expansion of the tax base Prudent and increasingly rigorous management of public expenditures by means of transparent procedures and the optimization of budget allocations Systematic adherence to budgeting by objectives More vigorous promotion of exports and better distribution of production in order to reduce the proportion of imports</p>
	Continue to pursue a prudent monetary policy, in conformity with the community objectives of stability, growth, and consolidation of WAEMU's external position	<p>Continuance of the approach based on more flexible and attractive oversight mechanisms Continued government disengagement from the banking system in favor of the private sector Adequate funding for the private sector</p>

	Strengthen the bases of long-term development and greater efficacy of government interventions	Continuation of privatization programs Strengthening of the mechanism for monitoring public enterprises
Private sector	Promote investments and exports	Introduction of conditions conducive to attracting investors to Senegal and to boosting local investment (e.g., investor's guide) Establishment of a mechanism for identifying market outlets Improvement in the legal and institutional environment Expansion of the sale of local enterprises on the international market Preparation of a strategy document on Senegal's insertion into the world market
	Intensify internal adjustment on the part of enterprises	Better insertion of enterprises into an increasingly competitive national and international environment Increased role for employers' organizations
	Make employers' and professional organizations more representative, stronger and better attuned to the needs of enterprises	Improvement of services to member enterprises Strengthening of capacity for proposal development and analysis
	Revitalize the chambers of commerce and professional organizations	Radical reform of organization of trade organizations Increased role for consulates as an interface between the public and private sectors
	Streamline and strengthen the mechanism for supporting the private sector	Technical and technological assistance to enterprises Promotion of quality and standards Access to credit for enterprises Enhanced consultation between the government and the private sector Better coordination and streamlining of private sector development initiatives
	Simplify and streamline the system of tax incentives for investment	Commencement of a revision of the Investment Code Reform of industrial regulations Establishment of the Community Investment Code
	Simplify certain procedures involved in creating enterprises	Adoption of basic legislation to streamline certain investment procedures
	Simplify the tax regime	Simplification of the bases for calculation of income tax Study of the possibility of introducing a single tax rate for SMEs Greater private sector involvement in the general debate on taxation issues
	Continue and deepen the privatization process	Continuation and completion of the privatization program Development of a grassroots-level body of stockholders through the public sale of a portion of the shares in firms to be privatized Establishment of mechanisms aimed at promoting the role of a grassroots body of stockholders and of the national private sector in the privatization process
Improve access to credit for enterprises	Revision of business law in order to better accommodate the need to develop financial markets Reform of the tax regime applicable to financial operations Encouragement of the establishment of specialized banks Encouragement of the creation of SME-specific windows within banks Encouragement of the development of trading outlets for marketable securities issued by enterprises Support for the development of BRVM, particularly through the public sale of a portion of the shares in firms to be privatized	

Support to SMEs	Support and accompany SMEs in their development	Stimulation of entrepreneurial initiatives Organization and facilitation of access to advisory services Establishment of a mechanism to coordinate the overall support system Establishment of a mechanism to coordinate direct international support to enterprises Development of financing programs by the Development Finance Companies for promising sectors
Employment	Ensure better manpower management	Re-organization of the labor market
	Improve management and employability of the labor force	Establishment of systems to manage jobs, professions and skills
	Increase the efficiency and transparency of the job market	Creation of a national agency responsible for ensuring transparency and efficiency in the labor market Information program on the labor market
	Promote independent employment in rural and urban areas	Creation of training/insertion programs targeting professions with growth potential Support to, and promotion of, micro-enterprises in peri-urban and rural areas
	Promote highly labor-intensive activities	Assessment of, and information on, experiences with highly labor-intensive undertakings

Capacity-Building and Promotion of Basic Social Services

Subject Areas/Sectors	Objectives /Strategies	Actions
Education – Training	Make elementary education generally available	Construction, rehabilitation and equipment of classrooms and primary schools Construction of day care and pre-schoolers' facilities Classroom maintenance Distribution of school books Recruitment of teaching personnel
	Increase the rate of accession to middle and secondary education	Construction and rehabilitation of classrooms Recruitment of qualified teaching personnel
	Improve access and duration of schooling for girls at all levels of instruction	Adoption of a plan to enroll and retain girls in the primary level Design and implementation of programs to promote gender equity in the educational system
	Promote vocationally-oriented education of young people and adolescents	Establishment of training and skills improvement programs in production streams that are generating jobs Creation of committees to manage training programs
	Promote professional instruction	Creation of professional training centers in sectors with growth potential Creation of training centers aimed at enhancing the skills of women
	Eradicate illiteracy	Development and implementation of education and functional literacy programs

Health	Improve the quality and supply of health care services	<p>Construction and rehabilitation of health facilities (kiosks, health posts and health care centers)</p> <p>Equipping of health care infrastructures</p> <p>Development of vaccination programs</p> <p>Recruitment and installation of medical personnel</p> <p>Program to facilitate access to drugs for vulnerable groups</p> <p>Improve access to health services for the poor</p> <p>Acquisition of low-cost drugs</p> <p>Contractualization of service provision</p> <p>Training of specialists and practical training courses</p> <p>Logistical support for evacuating the sick/injured from impoverished areas</p>
	Develop community-based health care services	<p>Creation and strengthen of basic community health services in rural and peri-urban areas</p> <p>Funding in support of health care insurance associations</p> <p>Training program for agents of community health services</p> <p>Development of opportunities for different regions to share their experiences in the area of community health care</p>
	Develop disease-prevention attitudes and behaviors on the part of the populace	<p>Outreach/awareness-building program on attitudes and behaviors</p>
	Improve efforts to prevent and combat HIV/AIDS and malaria	<p>Prevention of HIV/AIDS and malaria</p> <p>Enhancement of equipment of health care infrastructures for analytical purposes</p> <p>Coverage of treatment of AIDS sufferers</p> <p>Provision of care to HIV-infected children in community nutrition centers</p>
	Efforts to combat maternal and infant/child mortality	<p>Strengthening of vaccination programs</p> <p>Development and generalized availability of prenatal care</p> <p>Implementation of an outreach/awareness program on the repercussions of early marriage</p>
Drinking water	Promote sustainable management of capital works (i.e., maintenance)	<p>Program to strengthen capacities of committees charged with managing boreholes</p> <p>Promotion of new and renewable energies in the context of the motorization of infrastructures</p>
	Increase rates of access to drinking water	<p>Strengthening of the policy of providing hook-ups to low-income populations</p> <p>Construction of motor-operated boreholes</p> <p>Rehabilitation and deepening of modern wells in rural areas</p> <p>Rehabilitation of boreholes and construction of storage facilities</p> <p>Desalinization of water to supply zones where boreholes are not feasible</p> <p>Establishment of protected perimeters encircling village wells and aimed at preserving proper sanitation around them</p> <p>General availability of low-cost water hook-ups for the disadvantaged</p>
Transportation – Mobility	Ensure better organization	<p>Replenishment of the public transportation vehicle fleet</p> <p>Enhancement of traveler’s safety</p>
	Improve urban and rural transportation	<p>Implementation of the project to improve urban mobility</p> <p>Reorganization of the supply of means of transport</p> <p>Measures to support public urban transport</p> <p>Improvement of inter-city linkages</p> <p>Finalization of a rural transportation strategy</p> <p>Maintenance and rehabilitation of transportation infrastructures</p>

Natural resources and the environment	Develop forest resources	Outreach to, and involvement of, local populations in sustainable resource management Promotion of units for the exploitation and processing of forest products Strengthening of producers' capacities Exploration of market outlets for processed products Establishment of integrated natural resource programs, projects and management plans Support for agro-forestry projects
	Preserve the environment and combat desert encroachment	Protection and development of forests and watersheds Implementation of development and agro-forestry programs Promotion of industrial waste treatment and recycling activities Program to combat pollution and the noxious effects of industry
	Preserve flora and fauna	Program to combat brush fires
	Preserve the marine and coastal environments	Program to combat ocean pollution Program to preserve and protect marine resource
	Strike a balance between the needs of the population and the preservation of biodiversity	Development and implementation of regional environmental plans Protection and regeneration of fragile resources Preservation of the reproductive base in a balanced and productive environment Ongoing inventory and monitoring of the status of natural resources
	Capitalize on wilderness resources	Development and strengthening of the production stream based on gathering of wilderness products
	Improve quality of life in urban and rural areas	Reduction of population pressure on the environment Improvement in systems of sanitation, waste collection and treatment
	Strengthen capacity to manage natural resources and the environment	Training, education, outreach/awareness, literacy programs, etc.
Sanitation	Improved access to adequate human waste disposal systems	Construction of collective and individual human waste disposal infrastructures Increased rate of sewer connections in urban and peri-urban areas Construction of latrines for rural households
	Improve access to adequate systems of wastewater and household garbage disposal	Construction of collective and individual infrastructures for wastewater evacuation and promotion of composting pits for household garbage Development of solid waste management systems for urban areas
	Bring about positive changes in the attitudes and behaviors of beneficiary populations	IEC program Strengthening of skills and capacities of actors
Good governance	Promote transparency in the management of public affairs	Streamlining of public procurement procedures Finalization of the Contract Code, which has been in process since 1996 Reduction of <i>ex ante</i> controls and enhancement of <i>ex post</i> controls Systematic application of oversight and evaluation of public and semi-public entities Improvement of information system within the administration and between the administration and private sector General dissemination of conclusions emerging from oversight and evaluation of semi-public enterprises Creation of frameworks for government/private sector collaboration General dissemination, on a monthly basis, of information on the government's financial operations

	Combat corruption and modernize the administration	Creation of an entity responsible for monitoring anti-corruption efforts Elimination of legal provisions that are likely to compromise the lifetime job tenure of sitting magistrates Complete reworking of legal texts regulating government procurement More effective oversight of government contract execution Continued reform of the civil service
	Improve the management of public finances	Increase in the efficacy and efficiency of public expenditures Continued transformation of the taxation system Adherence to principles set out in WAEMU's Code of Transparency concerning the reliability of public finance statements Timely provision of information pertaining to appropriations laws, payment authorization laws and the TOFE.
	Rehabilitate the judicial system	Reduction of time required to process court cases
Decentralization	Expand decentralization	Establishment of local tax provisions allowing local authorities to finance local public investments Reform of the code of local authorities

Improving the Living Conditions of Vulnerable Groups

Groups/ Subject areas/ Sectors/	Objectives /Strategies	Priority actions
Children	Ensure adequate social and health care service coverage for the children of vulnerable families	Intensify vaccination programs Improvement of primary health care system Promote maternal and child health care education Develop and implement a nutritional policy targeting the children of poor households Outreach and promotion program on oral rehydration and nutritional activities Efforts to combat diarrheal diseases, malnutrition, etc. Development of spaces and infrastructures intended to help children realize their full potential Efforts to combat, and eventually eradicate, the worst forms of child labor Program to expand and strengthen community nutrition centers in underprivileged areas
	Educate and train school-age children without guardians	Awareness campaign on the importance of education Provision of school cafeterias and latrines in poor areas Education program based on the provision of food or monetary resources to the poorest families in poor areas
	Protect and promote the welfare of at-risk children and juvenile delinquents	Awareness campaign on the dangers of illegal drugs Efforts to combat child abuse Provision of care/supervision for children in vulnerable circumstances Provision of care/supervision for children in community nutrition centers Enforcement of legislation pertaining to the special status of minors Strengthening of the ability of disadvantaged families to care for and supervise their children
	Develop a strategy for taking over the care of semi-homeless children	Programs to support Koranic schools Development and implementation of a training program for <i>talibés</i> in their home villages Development of vocational training tracks in the <i>daaras</i>

	Mobilize public opinion in favor of improving the living conditions of <i>talibés</i> in <i>daaras</i>	Implementation of a campaign to get foster families to sponsor street children Awareness campaign directed at the directors of Koranic schools with a view to improving living conditions for <i>talibés</i> Support for entities and associations involved in helping <i>talibés</i>
	Develop a strategy for handling juvenile delinquents or children in difficult circumstances	Promotion of social reinsertion of children Improve working conditions and quality of service in agencies dealing with juvenile delinquents
Women	Enhance women's rights	Develop and implement outreach activities aimed at eliminating violence towards girls and women Design and dissemination of tools for promoting human rights and particularly women's rights
	Improve the economic and social status of women	Creation of infrastructures intended to lighten women's workload Provision of appropriate technologies and equipment to rural women for product processing and preservation Establishment of a fund for the economic promotion and support of women's activities
	Promote improvement of the health status of women and girls	Programs aimed at increasing the frequency of prenatal care and reducing maternal morbidity and mortality rates
Handicapped	Improve the health and mobility of handicapped persons	Development and establishment of a national community-based rehabilitation program for the handicapped Development and implementation of an action plan to ensure access by the handicapped to infrastructures and facilities Implementation of a special program to monitor pregnant handicapped girls Establishment of a program to ensure better access to functional rehabilitation centers and to orthopedic equipment/devices Special equipment and reduction of costs of devices and services commonly required by handicapped persons
	Promote education and training for the handicapped	Special facilities within school and university infrastructures Promotion of universal schooling for handicapped children Distribution of school supplies to young handicapped persons Provision of scholarships for any handicapped person Involvement of handicapped persons in literacy programs
	Improve the economic and social status of the handicapped	Development of a national community-based strategy for insertion or re-insertion Promotion of access by the handicapped to means of production and employment
	Combat negative stereotypes about handicapped persons	Campaign to raise awareness of positive life experiences of handicapped persons Support for institutional development of agencies and organizations that promote the rights of the handicapped Development and adoption of laws to protect and foster the interests of the handicapped
Elderly	Ensure that the elderly can realize their full physical and psychological potential	Creation of health care facilities specializing in geriatrics
	Encourage vocational re-training	Funds for the promotion of the elderly Ensuring job security for the elderly engaged in professional activity
	Set up a system for ensuring social coverage of the elderly	Creation of a minimum retirement allocation cutting across job categories

Young people	Improve living conditions for young people	Strengthening the resources of the National Employment Fund (<i>Fonds National pour l'Emploi</i>) and the National Youth Promotion Fund (<i>Fonds National de Promotion de la Jeunesse</i>) Increase in the number of ADO counseling centers Development of programs to dispense care and supervision to young drug addicts
Displaced persons and refugees	Promote economic and social insertion of displaced persons and refugees	Establishment of a special fund in support of displaced persons and refugees
Monitoring of vulnerable groups	Ensure better targeting of impoverished areas and beneficiary groups	Creation of a monitoring and early warning system
Housing for vulnerable groups	Ensure better access to equipped plots and to adequate dwellings	Program to improve housing in poor neighborhoods in peri-urban and urban areas Creation of a fund to equip and restructure land tenure arrangements on sites occupied by vulnerable groups Letter of development policy on low-cost housing for vulnerable groups Adoption and enforcement of the new construction code
Population	Controlling population growth	Updating and dissemination of existing outreach/awareness models IEC/lobbying activities aimed at changing reproductive behaviors and increasing the frequency of contraceptive use
Implementation and Monitoring/Evaluation		
	Monitor implementation of the PRSP	Preparation of a document, by September 2002, on mechanisms for simplifying procedures pertaining to expenditures under the priority action program Preparation, by end-July 2002, of an action plan to increase the implementation rate for capital expenditures * Preparation, by end-July 2002, of a document on the monitoring/evaluation of PRSP implementation * Equipment and operations of steering and monitoring agencies Outreach and communication activities Establishment, by the end of 2002, of a National Statistics Institute charged with enhancing the reliability and impartiality of data Program to boost the capacities of populations and organizations of civil society in terms of project and program management

* These documents will be discussed at a PRSP implementation seminar by late December 2002.

Priority Action Plan
Priority Action Plan--Financing, by sector (in millions of CFA francs)

	STRATEGIC THEMES - SECTORS	Year	Amount expected under PRSP	Financing shortfall	Financing of the funding gap		
					Govt.	BDF	
Creation of wealth within a healthy macro-economic frame-work			277 379	131 465	30 539	100 926	
	Agriculture	2003	35 037	6 300	2 667	3 633	
		2004	33 652	8 578	3 433	5 145	
		2005	34 136	12 770	5 300	7 470	
	Support infrastructures	2003	25 691	14 938	2 762	12 176	
		2004	29 194	14 230	3 442	10 788	
		2005	33 292	22 418	4 245	18 173	
	Livestock	2003	850	675	50	625	
		2004	850	750	50	700	
		2005	850	750	50	700	
	Fisheries	2003	6 000	2 500	0	2 500	
		2004	6 000	2 500	0	2 500	
		2005	6 500	2 577	0	2 577	
	Handicrafts	2003	667	667	140	527	
		2004	0	0	0	0	
		2005	0	0	0	0	
	Industry	2003	3 500	0	0	0	
		2004	3 500	0	0	0	
		2005	3 500	0	0	0	
	Energy	2003	12 500	7 952	3 200	4 752	
		2004	12 500	9 500	2 200	7 300	
		2005	12 500	9 500	2 200	7 300	
	Mining	2003	1 750	1 250	0	1 250	
		2004	1 750	1 250	0	1 250	
		2005	1 750	1 250	0	1 250	
	Tertiary sector	2003	840	840	0	840	
		2004	1 120	1 120	0	1 120	
		2005	1 400	1 400	0	1 400	
	Investments and exports	2003	100	100	0	100	
		2004	0	0	0	0	
		2005	0	0	0	0	
	Support to SMEs	2003	2 300	2 000	0	2 000	
		2004	2 300	2 300	100	2 200	
2005		2 300	2 300	100	2 200		
Employment	2003	350	350	200	150		
	2004	350	350	200	150		
	2005	350	350	200	150		
Capacity-building and promotion of basic social services	Total		257 524	177 018	12 666	164 352	
	Education – Training	2003	16 347	8 047	300	7 747	
		2004	16 382	7 182	350	6 832	
		2005	16 418	6 118	500	5 618	
	Health	2003	19 064	13 479	1 104	12 375	
		2004	20 262	14 942	1 891	13 051	
		2005	21 616	16 436	2 205	14 231	
	Drinking water	2003	12 215	3 846	743	3 103	
		2004	12 500	8 525	1 485	7 040	
		2005	12 500	12 000	2 026	9 974	
	Natural resources and environment	2003	30 742	20 280	320	19 960	
		2004	33 009	26 523	396	26 127	
		2005	33 209	29 566	563	29 003	
	Sanitation	2003	4 280	3 380	220	3 160	
		2004	4 420	3 284	273	3 011	
		2005	4 560	3 410	290	3 120	
	Improve-ment of living conditions of vulner-able groups	Total		74 745	61 838	7 130	54 708
		Children	2003	15 100	12 900	1 000	11 900
			2004	18 050	14 800	1 250	13 550
			2005	19 300	15 950	1 900	14 050
		Women	2003	5 533	5 233	0	5 233
2004			1 533	1 233	0	1 233	
2005			1 800	1 500	0	1 500	
Handicapped		2003	566	566	405	161	
		2004	709	709	550	159	
		2005	747	747	525	222	
Elderly		2003	200	200	0	200	
		2004	200	200	0	200	
		2005	200	200	0	200	
Housing for vulnerable groups		2003	3 500	2 000	500	1 500	
		2004	3 607	2 200	500	1 700	
		2005	3 700	3 400	500	2 900	
GRAND TOTAL		2003		197 132	107 503	13 611	93 892
		2004		201 888	120 176	16 120	104 056
	2005		210 628	142 642	20 604	122 038	
	TOTAL		609 648	370 321	50 335	319 986	

HIPC resources will be earmarked for the rural milieu (80 percent) and for the outlying areas of large cities (20 percent). They will serve to bridge the funding gap for priority interventions identified in the sectors of education, health, drinking water access, sanitation and agriculture.

Priority Action Plan – Investment budget in millions of CFA francs									
Objectives	Priority actions		Amount expected under the PRSP	Amount committed PTIP			Financing shortfall	Financing of the funding gap	
				Total	Govt.	BDF		Govt.	BDF
Sector	Agriculture		102 825	75 177	28 889	46 288	27 648	11 400	16 248
Promote an effective marketing and distribution policy	Support for development of information systems	2003	300	0	0	0	300	0	300
		2004	200	0	0	0	200	0	200
		2005	100	0	0	0	100	0	100
		TOTAL	600	0	0	0	600	0	600
Intensify and modernize agricultural production	Creation of an Agricultural Sector Improvement Fund	2003	2 667	0	0	0	2 667	2 667	0
		2004	3 333	0	0	0	3 333	3 333	0
		2005	4 000	0	0	0	4 000	4 000	0
		TOTAL	10 000	0	0	0	10 000	10 000	0
	Support for agricultural research	2003	3 796	3 796	22	3 774	0	0	0
		2004	4 285	4 285	0	4 285	0	0	0
		2005	4 915	3 915	0	3 915	1 000	300	700
		TOTAL	12 996	11 996	22	11 974	1 000	300	700
	Training and agricultural advice	2003	5 269	3 936	0	3 936	1 333	0	1 333
		2004	7 493	5 493	0	5 493	2 000	0	2 000
		2005	7 783	5 783	0	5 783	2 000	0	2 000
		TOTAL	15 212	15 212	0	15 212	0	0	0
Develop irrigated agriculture	Expansion of irrigated perimeters	2003	7 763	7 763	3 693	4 070	0	0	0
		2004	4 000	2 955	66	2 889	1 045	100	945
		2005	3 000	1 630	130	1 500	1 370	350	1 020
		TOTAL	14 763	12 348	3 889	8 459	2 415	450	1 965
	Development of small-scale irrigation around boreholes, holding ponds, etc.	2003	2 000	0	0	0	2 000	0	2 000
		2004	2 000	0	0	0	2 000	0	2 000
		2005	2 000	0	0	0	2 000	0	2 000
		TOTAL	6 000	0	0	0	6 000	0	6 000
	Construction of anti-salinization dams and retaining dikes	2003	2 280	2 280	2 280	0	0	0	0
		2004	2 326	2 326	2 326	0	0	0	0
		2005	2 500	2 000	2 000	0	500	150	350
		TOTAL	7 106	6 606	6 606	0	500	150	350
Promote agro-industry	Promotion of agro-industrial units producing import substitutes	2003	2 000	2 000	0	2 000	0	0	0
		2004	1 000	1 000	0	1 000	0	0	0
		2005	800	0	0	0	800	0	800
		TOTAL	3 800	3 000	0	3 000	800	0	800
	Establishment of a guarantee fund	2003	6 000	6 000	6 000	0	0	0	0
		2004	6 000	6 000	6 000	0	0	0	0
		2005	6 000	6 000	6 000	0	0	0	0
		TOTAL	18 000	18 000	18 000	0	0	0	0
Strengthen role of farmers' organizations	Development and implementation of a strategy for strengthening farmers' professional organizations	2003	2 962	2 962	7	2 955	0	0	0
		2004	3 015	3 015	365	2 650	0	0	0
		2005	3 038	2 038	0	2 038	1 000	500	500
		TOTAL	9 015	8 015	372	7 643	1 000	500	500

Sector	Supporting infrastructures		88 177	36 591	943	35 648	51 586	10 449	41 137
Strengthen supporting infrastructures in rural areas	Equipment of main villages – centers	2003	20 575	9 500	0	9 500	11 075	1 989	9 086
		2004	20 800	10 860	0	10 860	9 940	2 550	7 390
		2005	20 800	3 574	0	3 574	17 226	3 387	13 839
		TOTAL	62 175	23 934	0	23 934	38 241	7 926	30 315
Expand the telephone network	Provision of new telephone connections	2003	1 494	0	0	0	1 494	0	1 494
		2004	2 082	0	0	0	2 082	0	2 082
		2005	2 900	0	0	0	2 900	0	2 900
		TOTAL	6 476	0	0	0	6 476	0	6 476
Facilitate access to isolated rural areas	Rehabilitation of unpaved roads	2003	2 580	1 253	94	1 159	1 327	565	762
		2004	4 854	4 104	283	3 821	750	600	150
		2005	8 050	7 300	566	6 734	750	650	100
		TOTAL	15 484	12 657	943	11 714	2 827	1 815	1 012
	Construction of dirt roads	2003	1 042	0	0	0	1 042	208	834
		2004	1 458	0	0	0	1 458	292	1 166
		2005	1 542	0	0	0	1 542	208	1 334
		TOTAL	4 042	0	0	0	4 042	708	3 334
Sector	Livestock		2 550	375	300	75	2 175	150	2 025
Achieve food security	Support for the development of private veterinary services in livestock zones	2003	350	0	0	0	350	50	300
		2004	350	0	0	0	350	50	300
		2005	350	0	0	0	350	50	300
		TOTAL	1 050	0	0	0	1 050	150	900
	Expansion of artificial insemination	2003	500	175	100	75	325	0	325
		2004	500	100	100	0	400	0	400
		2005	500	100	100	0	400	0	400
		TOTAL	1 500	375	300	75	1 125	0	1 125
Sector	Fisheries		18 500	10 923	0	10 923	7 577	0	7 577
Capitalize on fisheries resources	Support for acquisition of fishing equipment	2003	4 000	3 000	0	3 000	1 000	0	1 000
		2004	4 000	3 000	0	3 000	1 000	0	1 000
		2005	4 500	3 423	0	3 423	1 077	0	1 077
		TOTAL	12 500	9 423	0	9 423	3 077	0	3 077
	Program of support for the processing of fish products	2003	2 000	500	0	500	1 500	0	1 500
		2004	2 000	500	0	500	1 500	0	1 500
		2005	2 000	500	0	500	1 500	0	1 500
		TOTAL	6 000	1 500	0	1 500	4 500	0	4 500
Sector	Crafts		667	0	0	0	667	140	527
Improve the quality of artisanal products	Creation of decentralized distribution centers	2003	667	0	0	0	667	140	527
		2004	0	0	0	0	0	0	0
		2005	0	0	0	0	0	0	0
		TOTAL	667	0	0	0	667	140	527
Sector	Industry		10 500	10 500	0	10 500	0	0	0
Develop industrial sector	Mechanism to support and monitor performance of enterprises	2003	3 500	3 500	0	3 500	0	0	0
		2004	3 500	3 500	0	3 500	0	0	0
		2005	3 500	3 500	0	3 500	0	0	0
		TOTAL	10 500	10 500	0	10 500	0	0	0
Sector	Energy		37 500	10 548	9 020	1 528	26 952	7 600	19 352
Improve population's supply of, and reliable access to, domestic fuels	Population's access to domestic fuels	2003	2 500	1 548	20	1 528	952	200	752
		2004	2 500	0	0	0	2 500	200	2 300
		2005	2 500	0	0	0	2 500	200	2 300
		TOTAL	7 500	1 548	20	1 528	5 952	600	5 352
Expand rural electrification	Expansion of rural electrification	2003	10 000	3 000	3 000	0	7 000	3 000	4 000
		2004	10 000	3 000	3 000	0	7 000	2 000	5 000
		2005	10 000	3 000	3 000	0	7 000	2 000	5 000
		TOTAL	30 000	9 000	9 000	0	21 000	7 000	14 000

Sector	Mining		5 250	1 500	1 500	0	3 750	0	3 750
Encourage the emergence of artisanal and semi-industrial mining activities	Technical and financial assistance to ore prospectors	2003	1 250	0	0	0	1 250	0	1 250
		2004	1 250	0	0	0	1 250	0	1 250
		2005	1 250	0	0	0	1 250	0	1 250
		TOTAL	3 750	0	0	0	3 750	0	3 750
	Studies of available resources	2003	500	500	500	0	0	0	0
		2004	500	500	500	0	0	0	0
2005		500	500	500	0	0	0	0	
TOTAL		1 500	1 500	1 500	0	0	0	0	
Sector	Tertiary sector		3 360	0	0	0	3 360	0	3 360
Develop domestic trade	Creation and rehabilitation of rural markets	2003	840	0	0	0	840	0	840
		2004	1 120	0	0	0	1 120	0	1 120
		2005	1 400	0	0	0	1 400	0	1 400
		TOTAL	3 360	0	0	0	3 360	0	3 360
Sector	Private sector		100	0	0	0	100	0	100
Promote investments and exports	Preparation of a strategy paper on Senegal's insertion into world trade	2003	100	0	0	0	100	0	100
		2004	0	0	0	0	0	0	0
		2005	0	0	0	0	0	0	0
		TOTAL	100	0	0	0	100	0	100
Sector	Support for SMEs		6 900	300	300	0	6 600	200	6 400
Support and assist SMEs in their development	Organization and facilitation of access to advisory services	2003	300	300	300	0	0	0	0
		2004	300	0	0	0	300	100	200
		2005	300	0	0	0	300	100	200
		TOTAL	900	300	300	0	600	200	400
	Development, by the DFS, of financing programs for sectors with growth potential	2003	2 000	0	0	0	2 000	0	2 000
		2004	2 000	0	0	0	2 000	0	2 000
		2005	2 000	0	0	0	2 000	0	2 000
		TOTAL	6 000	0	0	0	6 000	0	6 000
Sector	Employment		1050	0	0	0	1050	600	450
Boost the efficiency and the transparency of the labor market	Information program on the job market	2003	350	0	0	0	350	200	150
		2004	350	0	0	0	350	200	150
		2005	350	0	0	0	350	200	150
		TOTAL	1 050	0	0	0	1 050	600	450
Sector	Education- training		49 147	27 800	12 000	15 800	21 347	1 150	20 197
Generalize access to elementary education	Construction, rehabilitation and equipment of classrooms and primary schools	2003	15 875	8 300	4 000	4 300	7 575	200	7 375
		2004	15 875	9 200	4 000	5 200	6 675	200	6 475
		2005	15 875	10 300	4 000	6 300	5 575	300	5 275
		TOTAL	47 625	27 800	12 000	15 800	19 825	700	19 125
	Distribution of school books	2003	472	0	0	0	472	100	372
		2004	507	0	0	0	507	150	357
		2005	543	0	0	0	543	200	343
		TOTAL	1 522	0	0	0	1 522	450	1 072

Sector	Health		60 942	16 085	3 540	12 545	44 857	5 200	39 657
Improve quality and supply of health care services	Access to health care services for the poor	2003	300	-			300	-	300
		2004	350	-			350	-	350
		2005	350	-			350	-	350
		Total	1 000	-			1 000	-	1 000
	Acquisition of low-cost drugs	2003	1 000	-			1 000	-	1 000
		2004	1 500	-			1 500	-	1 500
		2005	1 500	-			1 500	-	1 500
		Total	4 000	-			4 000	-	4 000
	Construction and rehabilitation of health centers	2003	3 000	405	-	405	2 595	400	2 195
		2004	3 500	140	-	140	3 360	604	2 756
		2005	3 853	-	-	-	3 853	700	3 153
		Total	10 353	545	-	545	9 808	1 704	8 104
	Construction and rehabilitation of health centers	2003	1 764	-	-	-	1 764	354	1 410
		2004	2 064	-	-	-	2 064	590	1 474
		2005	2 550	-	-	-	2 550	789	1 761
		Total	6 378	-	-	-	6 378	1 733	4 645
	Contractualization of service provision	2003	500	-			500	-	500
		2004	750	-			750	-	750
		2005	1 250	-			1 250	-	1 250
		Total	2 500	-			2 500	-	2 500
Development of vaccination programs	2003	1 500	1 451	-	1 451	49	49	-	
	2004	1 750	1 451	-	1 451	299	250	49	
	2005	2 000	951	-	951	1 049	250	799	
	Total	5 250	3 853	-	3 853	1 397	549	848	
Equipping of health care infrastructures	2003	5 000	500	-	500	4 500	50	4 450	
	2004	4 148	500	-	500	3 648	150	3 498	
	2005	3 113	500	-	500	2 613	250	2 363	
	Total	12 261	1 500	-	1 500	10 761	450	10 311	
Training of specialists, and practical training courses	2003	100	-			100	12	88	
	2004	200	-			200	23	177	
	2005	200	-			200	23	177	
	Total	500	-			500	58	442	
Logistics for evacuation of sick/injured from impoverished areas	2003	700	-			700	81	619	
	2004	800	-			800	93	707	
	2005	-	-			-	-	-	
	Total	1 500	-			1 500	174	1 326	
Strengthening of basic community services	2003	700	-			700	58	642	
	2004	700	-			700	81	619	
	2005	800	-			800	93	707	
	Total	2 200	-			2 200	232	1 968	
Improve efforts to combat HIV/AIDS and malaria	Anti-malaria efforts	2003	1 500	1 500	180	1 320	-	-	-
		2004	1 500	1 500	180	1 320	-	-	-
		2005	2 000	2 000	180	1 820	-	-	-
		Total	5 000	5 000	540	4 460	-	-	-
	Prevention and coverage of treatment of AIDS sufferers	2003	3 000	1 729	1 000	729	1 271	100	1 171
		2004	3 000	1 729	1 000	729	1 271	100	1 171
		2005	4 000	1 729	1 000	729	2 271	100	2 171
		Total	10 000	5 187	3 000	2 187	4 813	300	4 513

Sector	Drinking water		37 215	12 844	3 394	9 450	24 371	4 254	20 117
Increase rate of access to drinking water	Construction of motor-driven boreholes	2003	5 000	3 654	1 249	2 405	1 346	243	1 103
		2004	5 000	2 830	0	2 830	2 170	561	1 609
		2005	5 000	0	0	0	5 000	986	4 014
		TOTAL	15 000	6 484	1 249	5 235	8 516	1 790	6 726
	Rehabilitation and deepening of modern wells in rural areas	2003	4 215	4 215	575	3 640	0	0	0
		2004	4 500	645	70	575	3 855	424	3 431
		2005	4 500	0	0	0	4 500	540	3 960
		TOTAL	13 215	4 860	645	4 215	8 355	964	7 391
	Rehabilitation of boreholes and construction of storage facilities	2003	3 000	500	500	0	2 500	500	2 000
		2004	3 000	500	500	0	2 500	500	2 000
		2005	3 000	500	500	0	2 500	500	2 000
		TOTAL	9 000	1 500	1 500	0	7 500	1 500	6 000
Sector	Natural resources and the environment		110 220	23 777	864	22 913	86 443	2 062	84 381
Capitalize on forest resources	Promotion of units to develop and process forest products	2003	5 000	0	0	0	5 000	50	4 950
		2004	6 667	0	0	0	6 667	66	6 601
		2005	6 667	0	0	0	6 667	100	6 567
		TOTAL	18 334	0	0	0	18 334	216	18 118
	Strengthening of producers' capacities	2003	1 250	1 178	18	1 160	72	10	62
		2004	1 250	240	3	237	1 010	15	995
		2005	1 250	0	0	0	1 250	28	1 222
		TOTAL	3 750	1 418	21	1 397	2 332	53	2 279
Safeguard the environment and combat desert encroachment	Protection and development of forests and watersheds	2003	7 500	1 453	10	1 443	6 047	45	6 002
		2004	7 500	1 524	10	1 514	5 976	50	5 926
		2005	7 500	370	5	365	7 130	100	7 030
		TOTAL	22 500	3 347	25	3 322	19 153	195	18 958
	Implementation of development and agro-forestry programs	2003	15 222	7 831	86	7 745	7 391	164	7 227
		2004	15 222	4 722	55	4 667	10 500	200	10 300
		2005	15 222	3 273	40	3 233	11 949	267	11 682
		TOTAL	45 666	15 826	181	15 645	29 840	631	29 209
Preserve flora and fauna	Program to combat brush fires	2003	300	0	0	0	300	30	270
		2004	300	0	0	0	300	30	270
		2005	400	0	0	0	400	30	370
		TOTAL	1 000	0	0	0	1 000	90	910
Strike a balance between meeting the population's needs and preserving biodiversity	Development of regional environmental plans	2003	70	0	0	0	70	7	
		2004	70	0	0	0	70	7	63
		2005	70	0	0	0	70	7	63
		TOTAL	210	0	0	0	210	21	189
	Implementation of regional environmental plans	2003	1 400	0	0	0	1 400	14	1 386
		2004	2 000	0	0	0	2 000	28	1 972
		2005	2 100	0	0	0	2 100	31	2 069
		TOTAL	5 500	0	0	0	5 500	73	5 427
Sector	Sanitation		13 260	3 186	637	2 549	10 074	783	9 291
Improve access to adequate human waste disposal systems	Increase sewer connections in urban and peri-urban areas	2003	2 000	900	180	720	1 100	220	880
		2004	2 000	1 136	227	909	864	273	591
		2005	2 000	1 150	230	920	850	290	560
		TOTAL	6 000	3 186	637	2 549	2 814	783	2 031
	Construction of latrines for rural households	2003	2 000	0	0	0	2 000	0	2 000
		2004	2 000	0	0	0	2 000	0	2 000
		2005	2 000	0	0	0	2 000	0	2 000
		TOTAL	6 000	0	0	0	6 000	0	6 000

Improve access to adequate wastewater and household garbage disposal systems	Development of solid waste management systems in urban areas	2003	280	0	0	0	280	0	280
		2004	420	0	0	0	420	0	420
		2005	560	0	0	0	560	0	560
		TOTAL	1 260	0	0	0	1 260	0	1 260
Sector	Children		41 250	8 400	600	7 800	32 850	3 850	29 000
Ensure adequate social, health care and nutritional service coverage for children of vulnerable families	Improvement of primary health care	2003	100	0	0	0	100	100	0
		2004	100	0	0	0	100	100	0
		2005	100	0	0	0	100	100	0
		TOTAL	300	0	0	0	300	300	0
	Efforts to combat diarrheal diseases, malnutrition, etc.	2003	1 600	0	0	0	1 600		1 600
		2004	1 600	0	0	0	1 600		1 600
		2005	1 600	0	0	0	1 600		1 600
		TOTAL	4 800	0	0	0	4 800	0	4 800
	Efforts to combat, and eventually eradicate, the worst forms of child labor.	2003	100	100	100	0	0	0	0
		2004	50	0	0	0	50	0	50
		2005	50	0	0	0	50	0	50
		TOTAL	200	100	100	0	100	0	100
Ensure school enrollment and training of school-age children who have no guardians	Campaign to promote awareness of the importance of education	2003	100		0	100	0	0	0
		2004	100	100	0	100	0	0	0
		2005	100	100	0	100	0	0	0
		TOTAL	300	300	0	300	0	0	0
	Provision of school cafeterias and latrines in poor areas	2003	600	0	0	0	600	0	600
		2004	600	0	0	0	600	0	600
		2005	600	0	0	0	600	0	600
		TOTAL	1 800	0	0	0	1 800	0	1 800
Protect and promote the welfare of at-risk and delinquent children	Program to promote awareness of the dangers of illegal drugs	2003	1 333	0	0	0	1 333	100	1 233
		2004	2 250	0	0	0	2 250	200	2 050
		2005	3 000	0	0	0	3 000	300	2 700
		TOTAL	6 583	0	0	0	6 583	600	5 983
	Care/supervision of children in vulnerable circumstances	2003	1 667	0	0	0	1 667	100	1 567
		2004	3 500	0	0	0	3 500	200	3 300
		2005	4 000	0	0	0	4 000	500	3 500
		TOTAL	9 167	0	0	0	9 167	800	8 367
	Care/supervision of children in community-based nutrition centers	2003	6 000	2 000	200	1 800	4 000	700	3 300
		2004	6 000	3 150	200	2 950	2 850	750	2 100
		2005	6 000	3 250	200	3 050	2 750	1 000	1 750
		TOTAL	18 000	8 400	600	7 800	9 600	2 450	7 150
	Enhancement of the ability of disadvantaged families to care for their children	2003	2 500	0	0	0	2 500	0	2 500
		2004	2 500	0	0	0	2 500	0	2 500
		2005	2 500	0	0	0	2 500	0	2 500
		TOTAL	7 500	0	0	0	7 500	0	7 500
Mobilize public opinion for an improvement in the living conditions of <i>talibés</i> in <i>daaras</i>	Support to agencies and associations promoting the welfare of <i>talibés</i>	2003	400	0	0	0	400	0	400
		2004	600	0	0	0	600	0	600
		2005	600	0	0	0	600	0	600
		TOTAL	1 600	0	0	0	1 600	0	1 600
Develop a strategy for dealing with delinquent children and those in difficult circumstances	Promotion of social re-insertion of delinquent children	2003	200	0	0	0	200	0	200
		2004	250	0	0	0	250	0	250
		2005	250	0	0	0	250	0	250
		TOTAL	700	0	0	0	700	0	700
	Improvement of working conditions and service quality in agencies involved in outreach to juvenile delinquents	2003	500	0	0	0	500	0	500
		2004	500	0	0	0	500	0	500
		2005	500	0	0	0	500	0	500
		TOTAL	1 500	0	0	0	1 500	0	1 500

Sector	Women		8 866	900	900	0	7 966	0	7 966
Improve the economic and social status of women	Creation of infrastructures to lighten women's work load	2003	533	300	300	0	233	0	233
		2004	533	300	300	0	233	0	233
		2005	800	300	300	0	500	0	500
		TOTAL	1 866	900	900	0	966	0	966
	Establishment of a fund for the economic promotion and support of women's activities	2003	4 000	0	0	0	4 000	0	4 000
		2004	0	0	0	0	0	0	0
		2005	0	0	0	0	0	0	0
		TOTAL	4 000	0	0	0	4 000	0	4 000
Promote improvement of the health status of women and girls	Program to increase prenatal care service coverage and to reduce maternal morbidity and mortality rates	2003	1000	0	0	0	1000	0	1000
		2004	1000	0	0	0	1000	0	1000
		2005	1000	0	0	0	1000	0	1000
		TOTAL	3000	0	0	0	3000	0	3000
Sector	Handicapped persons		2 022	0	0	0	2 022	1 480	542
Improve health status and mobility of handicapped persons	Provision of special equipment and reduction of cost of services/devices commonly used by the handicapped	2003	286	0	0	0	286	205	81
		2004	429	0	0	0	429	350	79
		2005	467	0	0	0	467	325	142
		TOTAL	1 182	0	0	0	1 182	880	302
Promote education and training of the handicapped	Provision of special equipment in school and university facilities	2003	100	0	0	0	100	100	0
		2004	100	0	0	0	100	100	0
		2005	100	0	0	0	100	100	0
		TOTAL	300	0	0	0	300	300	0
	Promotion of universal schooling of handicapped children	2003	80	0	0	0	80	0	80
		2004	80	0	0	0	80	0	80
		2005	80	0	0	0	80	0	80
		TOTAL	240	0	0	0	240	0	240
Improve the economic and social status of handicapped persons	Promotion of access to employment for the handicapped	2003	100	0	0	0	100	100	0
		2004	100	0	0	0	100	100	0
		2005	100	0	0	0	100	100	0
		TOTAL	300	0	0	0	300	300	0
Sector	Elderly		600	0	0	0	600	0	600
Ensure that the elderly have opportunities to realize their full physical and psychological potential	Creation of health care facilities specializing in geriatrics	2003	100	0	0	0	100	0	100
		2004	100	0	0	0	100	0	100
		2005	100	0	0	0	100	0	100
		TOTAL	300	0	0	0	300	0	300
Encourage professional re-training	Fund for promotion of the welfare of the elderly	2003	100	0	0	0	100	0	100
		2004	100	0	0	0	100	0	100
		2005	100	0	0	0	100	0	100
		TOTAL	300	0	0	0	300	0	300
Sector	Housing for vulnerable groups		10 807	3 207	0	3 207	7 600	1 500	6 100
Ensure greater access to parcels that have been opened up and adequate housing	Program to improve housing in poor peri-urban and urban neighborhoods	2003	1 500	1 500	0	1 500	0	0	0
		2004	1 607	1 407	0	1 407	200	0	200
		2005	1 700	300	0	300	1 400	0	1 400
		TOTAL	4 807	3 207	0	3 207	1 600	0	1 600
	Creation of a fund for site improvement and land tenure restructuring on sites occupied by vulnerable groups	2003	2 000	0	0	0	2 000	500	1 500
		2004	2 000	0	0	0	2 000	500	1 500
		2005	2 000	0	0	0	2 000	500	1 500
		TOTAL	6 000	0	0	0	6 000	1 500	4 500
GRAND TOTAL	2003	197 132	89 629	24 414	65 215	107 503	13 611	93 892	
	2004	201 888	81 712	19 185	62 527	120 176	16 120	104 056	
	2005	210 628	67 986	18 751	49 235	142 642	20 604	122 038	
	TOTAL	609 648	239 327	62 350	176 977	370 321	50 335	319 986	

Operating Budget (Additional costs)

Sectors	Objectives	Years	2003	2004	2005	TOTAL
Education- Training	<i>Ensure universal access to basic education</i>		520	570	570	1 660
	Classroom maintenance		250	300	300	850
	Recruitment of teaching personnel		270	270	270	810
Santé	<i>Improve quality and supply of health services offered to the population</i>		4 519	5 197	5 395	15 111
	Recruitment and installation of medical personnel		857	906	955	2 718
	Provision of incentives for personnel in poor and remote areas		1 500	1 500	1 500	4 500
	Operation of infrastructures and services		2 162	2 791	2 940	7 893
Other expenses	Recurrent expenditures		2 980	4 022	4 903	11 905
Implementation	Monitoring of the PRSP		1 049	665	665	2 379
	Operation of steering and monitoring agencies		537	345	345	1 227
	Outreach and communication activities		412	220	220	852
	Program to strengthen capacities of populations and organizations in civil society to manage projects and programs		100	100	100	300
	TOTAL		9 068	10 454	11 533	31 055

Table of Indicators

Impact Indicators

Objectives	Subject Area	Definition	Quantitative objectives					
			Reference		2005	2010	2015	
			Level	Year				
	Poverty	Incidence of poverty	53.90%	2001	45%	35%	25%	
Improvement of access to basic social services for the poor	Education	Literacy rate	39.1	2001	45%	58%	73%	
		Literacy rate for men	51.1	2001	55%	65%	75%	
		Literacy rate for women	28.9%	2001	35%	50%	70%	
		Primary enrollment rate*	70%	2001	80%	95%	98%	
		Girls' enrollment rate (primary)*	64.8	2001	76%	95%	98%	
		Boys' enrollment rate (primary)	73.9	2001	84%	95%	98%	
		Rate of access to a primary school less than 30 minutes away	81.4%	2001	90%	98%	100%	
		Rate of access to a primary school in a rural area, less than 30 minutes distant	71.9%	2001	80%	95%	100%	
		Primary school enrollment rate	81.72%	2000	90%	95%	100%	
	Health	Morbidity due to malaria	24.85	1999	10%	5%	1%	
		Rate of prevalence of AIDS	1.4%	2000	1 - 2%	1 - 2%	1 - 2%	
		Maternal mortality rate (per 100,000 live births)*	510	2000	410	300	200	
		percent of attended births	44%	1998	60%	75%	90%	
		Rate of coverage of prenatal consultations	67.3%	1998	75%	85%	95%	
		Rate of vaccination coverage	48%	1998	70%	95%	100%	
		Child mortality rate (per thousand)	98	2000	85	75	50	
		Infant mortality rate (per thousand)	60	2000	50	40	30	
		Rate of access to medical services less than 30 minutes away (rural areas)	41.8%	2001	50%	70%	90%	
		Rate of access to medical services less than 30 minutes away (urban areas)	79.7%	2001	85%	95%	98%	
	Nutrition	Percentage of underweight children	19.1%	2001	15%	5%	3%	
		Percentage of children suffering from emaciation	9.2%	2001	5%	3%	1%	
	Access to drinking water	Rate of access to drinking water less than 15 minutes away (urban areas)	93.3%	2001	100%	100%	100%	
		Rate of access to drinking water less than 15 minutes away (rural areas)	83.4%	2001	95%	100%	100%	
		Daily water consumption per day and per person	28 L	2000	35 L	35 L	35 L	
	Macro-economic	Formal sector	Annual GDP growth rate	5.6%	2001	8%	>8%	>10%
			Inflation rate	3.00%	2001	<3%	<3%	<3%
			Rate of investment	19.9	2001	27.80%	30%	>30%
Savings rate			15.6	2001	21.7%	25%	>25%	
Rate of indebtedness			74.3%	2001	65%	60%	60%	
Current account balance / GDP (excluding grants)			-6.7%	2001	-7.0%	-3%	>0	
Base fiscal balance/GDP (excluding HIPC) and adjustment public enterprises			-1.00%	2001	>2%	>2%	>2%	
Contribution to growth of the commodity producing sector*	0.8	2001	1.50%	3%	>=3%			
Implementation		Implementation rate of Priority Action Plan		2003	100%	100%	100%	

Intermediate Indicators

	Sectors		2002	2003	2004	2005
Improved access for the poor to basic social	Education	Education expenditures/total expenditures	32 %	35 %	37 %	40 %
		Primary education expenditures/total education expenditures	42.3 %	44 %	45.3 %	46.4 %
		Total education expenditures for the 5 poorest regions (growth rate)	-	16 %	17 %	18 %
	Health	Health expenditures/total expenditures	9.2 %	9.5 %	9.8 %	10 %
		Primary health expenditures (growth rate)*	-	10 %	11.5 %	14 %
		Total education expenditures for the 5 poorest regions (growth rate)	-	16 %	17 %	18 %
	Sanitation	Investment expenditures for sanitation/total investment expenditures	1.2 %	2.4 %	2.8 %	3 %
Water	Investment expenditures for water/total investment expenditures	8.3 %	21.6 %	24.6 %	26 %	
Creation of wealth	Agriculture					
		Investment expenditures for agriculture/total investment expenditures	10.9 %	13.6 %	20.5 %	21 %

* Reliable figures on primary health care expenditures are not yet available. However, the choice has been made to assume a growth rate a little higher than that of the nominal GDP.

Public Finance Indicators*

		2002	2003	2004	2005
Public Finances	Tax/GDP ratio, in %	18.1	18,2	18.2	18.2
	Wage bill/tax receipts, in %	29.9	29.2	28,2	27,1
	Invest. expend./domestic resources/ tax receipts, in %	21,7	23,6	23,4	23,2
	Capital expenditures as a % of GDP	7,4	9,4	9,6	9,7
	including HIPC	7,7	10,1	10,2	10,3
	Base surplus or deficit, as a % of GDP	1,3	1,2	1,2	1,4
	(aside from HIPC)	2,2	2,0	2,1	2,2
	Cash surplus or deficit (-) as a % of GDP				
	Including grants	-0,4	-1,0	-1,2	-0,9
Excluding grants	-2,6	-4,4	-4,4	-4,4	

* Performance indicators.

5.1. National Accounts

In CFAF billions	2001	2002	2003	2004	2005
GDP, at current prices	663.4	618.5	679.3	737.9	816.9
AGRICULTURE	374.1	333.8	365.0	406.2	453.8
LIVESTOCK	201.5	193.3	218.3	229.8	251.2
FISHERIES	54.2	56.3	59.7	64.0	71.0
FORESTRY	33.5	35.2	36.3	37.9	40.8
SECONDARY	696.4	794.9	867.5	961.0	1 073.4
EXTRACTIVE INDUSTRIES	33.1	37.8	40.4	44.4	50.0
OIL REFINERIES	33.7	45.2	49.8	60.0	66.0
ENERGY	75.7	86.1	95.8	107.2	121.3
CONSTRUCTION AND PUBLIC WORKS	150.1	177.7	205.9	231.2	263.6
OTHER INDUSTRIES	403.7	448.1	475.6	518.2	572.5
TERTIARY	1 734.3	1 887.3	1 976.3	2 116.2	2 265.9
TRANSPORTATION & TELECOM	404.8	447.5	487.6	529.8	580.5
TRADE	880.6	959.0	1 033.6	1 139.2	1 274.8
OTHER SERVICES	448.9	480.8	455.2	447.3	410.6
PIBE	3 094.1	3 300.7	3 523.1	3 815.1	4 156.1
NON-MARKET SERVICES	285.6	347.4	377.7	411.2	446.9
HOUSEHOLDS	37.1	38.6	40.1	41.7	43.3
ADMINISTRATIONS	248.5	308.8	337.7	369.5	403.6
CURRENT GDP	3 379.7	3 648.1	3 900.9	4 226.3	4 603.0
FINAL CONSUMPTION	3 085.9	3 257.7	3 498.5	3 737.2	3 994.2
HOUSEHOLDS	2 528.5	2 707.6	2 903.1	3 079.2	3 265.9
ADMINISTRATIONS	557.4	550.1	595.4	658.0	728.3
(GOODS AND SERVICES)	308.9	238.5	251.3	281.7	317.3
(SALARIES)	248.5	308.8	337.7	369.5	403.6
GROSS FIXED INVESTMENT	599.7	729.5	848.7	996.4	1 126.2
HOUSEHOLDS	49.0	52.4	55.4	58.6	62.0
ADMINISTRATIONS	2 17.2	282.3	393.9	432.0	4 74.1
ENTERPRISES	3 33.5	394.8	399.4	505.8	590.2
DOMESTIC DEMAND, EXCL. STOCKS	3 685.6	3 987.2	4 347.2	4 733.6	5 120.5
CHANGE IN STOCKS	-15.3	-42.3	-81.4	-101.7	-59.9
TOTAL DOMESTIC DEMAND	3 670.3	3 945.0	4 265.8	4 631.9	5 060.6
BALANCE, GOODS AND SERVICES	-290.6	-294.1	-364.9	-405.6	-457.6
EXPORTS	994.2	1 053.0	1 107.1	1 178.7	1 253.9
GOODS	708.3	763.2	809.7	867.7	937.0
SERVICES	285.9	289.8	297.4	311.0	316.9
IMPORTS	1 284.8	1 347.1	1 472.0	1 584.3	1 711.4
GOODS	988.6	1 041.3	1 146.1	1 239.5	1 344.9
SERVICES	296.2	305.8	325.9	344.8	366.5

GDP at constant prices (1987) in 2001 and annual variations as percent of real GDP
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Annual changes, in %	2001	2002	2003	2004	2005
PRIMARY	412.3	-2.6	7.7	8.5	9.4
AGRICULTURE	223.6	-0.4	7.8	9.9	10.1
LIVESTOCK	140.4	-7.7	8.7	7.2	8.2
FISHERIES	36.0	2.1	4.7	6.2	10.5
FORESTRY	12.3	2.5	3.1	3.8	6.3
SECONDARY	452.3	8.3	8.4	10.2	10.6
EXTRACTIVE INDUSTRIES	5.4	11.0	7.4	10.3	13.2
OIL REFINERIES	15.0	20.9	7.7	19.5	9.5
ENERGY	42.5	8.3	9.2	10.0	11.4
CONSTRUCTION AND PUBLIC WORKS	1 04.9	12.9	14.5	14.5	14.5
OTHER INDUSTRIES	2 84.4	5.8	5.9	7.9	8.7
TERTIARY	1 107.5	5.5	5.6	5.9	7.0
TRANSPORTATION & TELECOM	2 72.7	7.5	5.8	6.5	6.8
TRADE	4 64.0	5.9	6.5	7.9	8.4
OTHER SERVICES	370.9	3.5	4.4	3.0	5.3
PIBE	1 972.1	4.4	6.7	7.5	8.4
NON-MARKET SERVICES	217.0	10.5	4.6	4.7	4.6
HOUSEHOLDS	33.3	3.9	3.9	3.9	3.9
ADMINISTRATIONS	183.7	11.7	4.7	4.8	4.7
GDP	2 189.1	5.0	6.5	7.2	8.0
FINAL CONSUMPTION	1 905.7	2.3	5.3	4.6	5.9
HOUSEHOLDS	1 550.5	4.2	5.3	4.0	5.5
ADMINISTRATIONS	355.2	-6.0	5.0	7.6	7.9
(GOODS AND SERVICES)	171.5	-24.9	5.3	12.1	12.6
(SALARIES)	183.7	11.7	4.7	4.8	4.7
GROSS FIXED INVESTMENT	381.1	16.5	12.1	15.3	11.7
HOUSEHOLDS	40.0	4.0	3.9	3.9	3.9
ADMINISTRATIONS	132.3	21.4	33.8	9.0	8.5
ENTERPRISES	208.8	14.6	-1.6	23.3	15.6
DOMESTIC DEMAND, EXCL. STOCKS	2 286.8	5.3	6.6	6.7	7.2
VARIATION IN STOCKS	-267.7	0.0	0.7	0.4	0.2
TOTAL DOMESTIC DEMAND	2 019.1	4.1	7.4	7.6	8.0
BALANCE , GOODS AND SERVICES	170.1	5.9	-4.2	2.4	7.5
EXPORTS	678.8	6.0	6.6	6.9	7.1
GOODS	495.7	7.2	3.3	8.9	1.4
SERVICES	183.1	2.6	15.9	1.8	22.5
IMPORTS	508.7	6.0	10.2	8.2	7.0
GOODS	355.4	7.3	4.8	4.5	1.4
SERVICES	1 53.3	3.1	23.1	15.8	17.4

5.2. Financial Operations of the Central Administration (in CFAF billions)

(in CFAF billions)	2002	2003	2004	2005
1. Total receipts and grants	759.9	857.7	924.7	1 014.3
1.1. Budgetary receipts	678.3	727.2	786.5	856.7
Tax receipts	661.8	710.0	769.1	837.7
Non-tax receipts	16.5	17.2	17.4	19.0
1.2. Grants	81.5	130.6	138.1	157.6
Budgetary	6.5	25.6	28.1	32.6
In capital	75.0	105.0	110.0	125.0
2. Total expenditures and loans (net)	772.7	897.2	973.7	1 057.7
2.1 Current expenditures	479.4	502.8	541.7	587.6
Wages and salaries	198.0	207.4	217.2	227.4
Interest on public debt	40.1	37.6	36.0	35.5
External	31.1	31.6	30.0	29.5
Domestic	9.0	6.0	6.0	6.0
Other current expenditures	238.5	251.3	281.7	317.3
<i>Of which:</i> supplies, maintenance, and miscellaneous	124.9	142.5	164.9	191.1
<i>Of which:</i> transfers and subsidies (including social safety net)	113.6	108.8	116.8	126.2
Expenditures from HIPC resources (20% from 2002 onward)	2.8	6.5	6.8	7.4
2.2. Capital expenditures	282.3	393.9	432.0	474.1
Domestic financing	143.7	167.4	179.8	194.5
External financing 1/	127.5	200.6	225.0	250.0
Expenditures from HIPC resources (80% from 2002 onward)	11.1	25.9	27.2	29.6
2.3 Net loans	7.0	0.5	0.0	-4.0
loans used for onlending	15.0	16.0	15.0	15.0
repayment of loans used for onlending	-8.0	-15.5	-15.0	-19.0
2.4 Special and corresponding accounts	4.0	0.0	0.0	0.0
Special accounts	-1.5	0.0	0.0	0.0
incl. <i>FNR</i>	10.8	0.0	0.0	0.0
Corresponding	5.5	0.0	0.0	0.0
<i>CPSP</i>	1.0	0.0	0.0	0.0
Miscellaneous	0.3	0.0	0.0	0.0
including <i>IPRES</i>	-0.4	0.0	0.0	0.0
including <i>SN La Poste</i>	-7.1	0.0	0.0	0.0
2.6. Financial reorganization of social security system (<i>IPRES, CSS</i>)	0.0	0.0	0.0	0.0
3. Surplus or deficit (-) based on commitments	-12.9	-39.4	-49.1	-43.4
excluding grants	-94.4	-170.0	-187.3	-201.0
Base surplus or deficit (-)	48.1	46.6	52.8	64.0
Base surplus or deficit (-) excluding HIPC	79.8	78.9	86.9	101.0
5. Cash surplus or deficit (-)	-12.9	-39.4	-49.1	-43.4
Grants excluded	-94.4	-170.1	-187.2	-201.0
6. Financing	12.9	39.4	49.1	43.4
6.1. External financing	64.2	116.9	94.0	107.0
Drawdowns	116.8	154.5	130.0	140.0
Cash	49.3	42.9		
Project loans	67.5	111.6	130.0	140.0
Financial restructuring of the social security system (<i>IPRES, CSS</i>)	0.0	0.0	0.0	0.0
Amortization	-74.1	-70.0	-70.0	-70.0
HIPC Assistance (interest and amortization)	21.5	32.4	34.0	37.0
6.2 Domestic financing (I.+II.)	-51.3	-77.5	-44.9	-63.6
I. Bank financing	-24.6	-75.8	-43.5	-62.6
II. Non-bank financing	-26.7	-1.7	-1.4	-1.0
7. Errors and omissions	0.0	0.0	0.0	0.0
8. Financing gap	0.0	0.0	0.0	0.0

1/ This refers to external financing apart from the HIPC.

5.3. Balance of Payments, 2001-05

According to the 5th edition of the balance of payments manual, adapted for use by the BCEAO

<i>(in CFAF billions)</i>	2001	2002	2003	2004	2005
Balance of Goods	-280.3	-278.1	-336.4	-371.8	-407.9
Exports, FOB	708.3	763.2	809.7	867.7	937.0
Imports, FOB	988.6	1 041.3	1 146.1	1 239.5	1 344.9
Services, Net	-10.3	-16.0	-24.6	-31.3	-39.4
Including freight and insurance	-134.8	-142.0	-156.3	-169.0	-183.4
Revenues, Net	-64.4	-81.5	-84.8	-87.6	-94.0
Including interest/ext. public debt	-38.7	-42.4	-38.4	-35.1	-35.1
Current accounts transfers	182.2	180.2	196.3	200.6	205.5
Private	132.6	128.0	131.5	135.4	137.9
Public	49.7	52.2	64.7	65.2	67.6
Current account transactions	-172.8	-195.5	-249.6	-290.1	-335.8
Capital account and financial operations account	251.9	225.7	329.5	319.1	358.7
Capital account	80.5	99.5	140.3	147.0	165.1
Capital transfers	80.5	99.5	140.3	147.0	165.1
Private	3.0	3.0	3.0	3.0	3.1
Public	77.5	96.5	137.3	144.0	162.0
Acquisitions/divestiture of non-product financial assets					
Financial operations account (BCEAO)	171.4	126.2	189.2	172.1	193.6
Public Sector (including government securities 5 % - 2006)	69.9	45.4	92.7	66.2	76.2
Portfolio investments	-2.1	-2.1	-2.3	-2.5	-2.7
Other investments	72.0	47.5	95.0	68.7	78.9
Drawdowns (incl. exceptional financing)	166.0	162.2	195.1	164.9	174.5
Amortization	-93.9	-114.6	-100.1	-96.1	-95.5
Private sector	101.5	80.8	96.5	105.9	117.4
Direct investment	25.7	45.0	51.6	55.8	56.9
Portfolio investments	-3.4	-4.2	3.6	3.5	5.1
Other investments	79.2	40.0	41.4	46.6	55.3
Errors and omissions, Net					
Overall balance	79.1	30.2	79.9	29.0	22.9
Compensation for re assessments	3.9				
Variation in external holdings					
Net	-80.0	-30.2	-79.9	-29.0	-22.9
- Central Bank	-71.4	-30.2	-79.9	-29.0	-22.9
- Deposit banks	-8.6	0.0	0.0	0.0	0.0
GDP (memo item)	3 379.7	3 650.1	3 900.9	4 226.3	4 603.0
CC 5th edition/GDP	-5.1	-5.4	-6.4	-6.9	-7.3
CCHD	-227.3	-252.5	-319.2	-360.2	-408.4
CCHD/GDP	-6.7	-6.9	-8.2	-8.5	-8.9

Source : BCEAO.

5.4. Integrated Monetary Situation (in CFAF billions)

<i>In CFAF billions</i>	DEC. 2001	DEC. 2002	DEC. 2003	DEC. 2004	DEC. 2005
Net external holdings	168.7	198.9	278.8	307.8	330.7
BCEAO, net	65.8	96.0	175.9	204.9	227.8
Commercial banks, net	102.9	102.9	102.9	102.9	102.9
Domestic credit, net	835.5	877.6	865.1	922.7	1000.4
GNP	180.8	156.2	80.5	37.0	-25.6
Economic credit	654.7	721.4	784.6	885.7	1 026.0
Seasonal credit	5.0	5.4	5.8	5.8	5.8
Other credits	649.7	716.0	778.8	879.9	1 020.2
HOLDINGS = COMMITMENTS	1 004.2	1 076.5	1 143.9	1 230.5	1 331.1
Money supply	903.9	976.2	1043.6	1 130.2	1 230.8
Paper money	219.2	236.7	253.1	274.1	298.5
Bank deposits	684.7	739.5	790.5	856.1	932.3
Other elements, net	100.3	100.3	100.3	100.3	100.3
* Excluding liquidated banks					
	DEC. 2001	DEC. 2002	DEC. 2003	DEC. 2004	DEC. 2005
Change in net external holdings (in billions)	80.0	30.2	79.9	29.0	22.9
Change in net domestic credits (in billions)	50.2	42.1	-12.5	57.6	77.7
Change in net domestic credits (in percent)	6.4	5.0	-1.4	6.7	8.4
Change in economic credits (in billions)	29.6	66.7	63.2	101.1	140.3
Change in economic credits (in percent)	4.7	10.2	8.8	12.9	15.8
Change in GNP (in billions)	20.6	-24.6	-75.7	-43.5	-62.6
Variation in GNP (in percent)	12.9	-13.6	-48.5	-54.0	-169.2
Variation in money supply (in percent)	14.4	8.0	6.9	8.3	8.9
b = CF / MO (in percent)	24.3	24.2	24.3	24.3	24.3
GDP	3 379.7	3 650.1	3 900.9	4 226.0	4 603.0
v = GDP/MO	3.7	3.7	3.7	3.7	3.7
Nominal GDP growth rate (in percent)	8.5	8.0	6.9	8.3	8.9
EC growth rate (in %)	4.7	10.2	8.8	12.9	15.8
Economic credits/GDP (in percent)	19.4	19.8	20.1	21.0	22.3
Bank deposits/GDP (in percent)	20.3	20.3	20.3	20.3	20.3
Bank deposits/MO (in percent)	75.7	75.8	75.7	75.7	75.7
GNP/GDP (in percent)	5.3	4.3	2.1	0.9	-0.6

5.5. PRSP Scenarios, 2003-05

OPTIMISTIC SCENARIO				
Base hypotheses: It is assumed that additional resources provided under the PRSP are absorbed				
	2002	2003	2004	2005
Capital expenditures	282.3	393.8	432.0	474.1
out of domestic resources	143.7	167.4	179.8	194.5
out of external resources	127.5	200.6	225	250
HIPC	11.1	25.8	27.2	29.6
Investment rate, in percentage	18.8	19.7	21.2	23.2
National Savings rate, in percentage	13.5	13.3	14.3	15.9
Domestic Savings rate, in percentage	10.8	10.3	11.6	13.2
Rate of growth of imports, in percentage	6.0	10.2	8.2	7.0
Rate of growth of exports, in percentage	6.0	6.6	6.9	7.1
GDP growth rate, in percentage	5.0	6.5	7.2	8.0
Nominal GDP (memo item)	3 648.1	3 900.9	4 226.3	4 603.0
Overall balance of payments	30.2	82.8	28.8	38.0
Current accounts, excluding grants (CCHD)	-252.5	-319.2	-360.2	-408.4
CCHD/GDP, in percentage	-6.9%	-8.2%	-8.5%	-8.9%
SCENARIO 2 MIDDLE-CASE				
Base hypotheses: It is assumed that only 50 % of additional resources provided under the PRSP are absorbed				
	2002	2003	2004	2005
Capital expenditures	282.3	357.2	389.0	421.3
out of domestic resources	143.7	160.6	171.8	184.2
out of external resources	127.5	170.8	190	207.5
HIPC	11.1	25.8	27.2	29.6
Investment rate, in percentage	18.8	19.3	20.5	22.2
National Savings rate, in percentage	13.5	13.3	14.3	15.4
Domestic Savings rate, in percentage	10.8	10.4	11.6	12.8
Rate of growth of imports, in percentage	6.0	8.6	4.9	5.3
Rate of growth of exports, in percentage	6.0	6.0	6.5	7.0
GDP growth rate, in percentage	5.0	5.8	6.5	7.1
Nominal GDP (memo item)	3 648.1	3 897.3	4 216.3	4 553.3
Overall balance of payments	30.2	62.4	16.4	29.6
Current accounts, excluding grants (CCHD)	-252.5	-297.3	-325.3	-370.2
CCHD/GDP, in percentage	-6.9%	-7.6%	-7.7%	-8.1%
SCENARIO 1 TREND-BASED				
Base hypotheses: It is assumed that additional resources provided under the PRSP are not absorbed				
	2002	2003	2004	2005
Capital expenditures	282.3	319.6	345.9	368.5
out of domestic resources	143.7	153.8	163.7	173.9
out of external resources	127.5	140	155	165
HIPC	11.1	25.8	27.2	29.6
Investment rate, in %	18.8	18.7	18.5	18.8
National Savings rate, in percentage	13.5	12.9	13.3	14.0
Domestic Savings rate, in percentage	10.8	10.4	10.7	11.6
Rate of growth of imports, in percentage	6.0	5.4	5.5	5.8
Rate of growth of exports, in percentage	6.0	5.8	6.0	6.7
GDP growth rate, in percentage	5.0	5.2	5.3	5.5
Nominal GDP (memo item)	3 648.1	3 895.6	4 142.2	4 423.5
Overall balance of payments	30.2	49.4	4.0	65.4
Current accounts, excluding grants CCHD)	-252.5	-282.1	-271.1	-265.0
CCHD/GDP, in percentage	-6.9%	-7.2%	-6.5%	-6.0%

Source: DPS.

5.6. Scenarios Under the TOFE, 2003-05

OPTIMISTIC SCENARIO	2002	2003	2004	2005
Tax/GDP ratio, in percentage	18.1	18.2	18.2	18.2
Wage bill/tax receipts, in percentage	29.9	29.2	28.2	27.1
Invest. expend./domestic resources/tax receipts, in percentage	21.7	23.6	23.4	23.2
Capital expenditures, in percentage of GDP	7.4	9.4	9.6	9.7
including HIPC	7.7	10.1	10.2	10.3
Base surplus or deficit, as percentage of GDP	1.3	1.2	1.2	1.4
(aside from HIPC)	2.2	2.0	2.1	2.2
Cash surplus or deficit (-), as percentage of GDP				
Including grants	-0.4	-1.0	-1.2	-0.9
Excluding grants	-2.6	-4.4	-4.4	-4.4
MIDDLE-CASE SCENARIO, 50 percentage of anticipated resources	2002	2003	2004	2005
Tax/GDP ratio, in percentage	18.1	18.2	18.2	18.2
Wage bill/tax receipts, in percentage	29.9	29.1	28.1	27.2
Invest. expend./domestic resources/tax receipts, in percentage	21.7	22.6	22.4	22.2
Capital expenditures, as a percentage of GDP	7.4	8.5	8.6	8.6
including HIPC	7.8	9.3	9.4	9.4
Base surplus or deficit, as percentage of GDP	1.3	1.4	1.6	1.8
(aside from HIPC)	2.2	2.3	2.4	2.6
Cash surplus or deficit (-), as percentage of GDP				
Including grants	-0.4	-0.5	-0.5	-0.4
Excluding grants	-2.6	-3.3	-3.3	-3.1
TREND-BASED SCENARIO (without PRSP)	2002	2003	2004	2005
Tax/GDP ratio, in percentage	18.1	18.2	18.2	18.2
Wage bill/tax receipts, in percentage	29.9	29.0	28.4	27.7
Invest. expend./domestic resources/tax receipts, in percentage	21.7	21.7	21.7	21.6
Capital expenditures, as percentage of GDP	7.4	7.5	7.7	7.7
including HIPC	7.8	8.4	8.5	8.5
Base surplus or deficit, as percentage of GDP	1.3	1.8	1.9	2.2
(aside from HIPC)	2.2	2.6	2.7	3.0
Cash surplus or deficit (-), as percentage of GDP				
Including grants	-0.4	0.0	0.0	0.3
Excluding grants	-2.6	-2.2	-2.2	-1.9

Actors and Their Degree of Participation in PRSP Modules

<i>Actors</i>	National Level				Regional and Local Levels		
	<i>National Launch Seminar</i>	<i>Focus Groups</i>	<i>National Validation Seminar</i>	<i>Campaign to Raise Awareness within Civil Society</i>	<i>Perception surveys (Focus groups – statistical component)</i>	<i>Validation of perception survey (Focus groups)</i>	<i>Regional consultations</i>
Total number of participants	250	250 ¹¹	300	150 ¹²	¹³	500 ¹⁴	750 ¹⁵
Government							
Ministries	***						
National technical departments	***	**	***	*	*		
Decentralized technical depts. ¹⁶	*		**		**	**	***
<i>Elected officials</i>							
Parliamentarians	**		**				**
Mayors	**						***
Presidents of Rural Councils	*				*	**	***
<i>Civil society</i>							
Development NGOs	***	**	***	***	*	**	***
Human rights NGOs	***	***	***	*		*	
Labor unions	***	***	***	***		*	*
Farmers' organizations	*	*	***	***	**	***	***
Young people's organizations	***	*	***	*	*	*	***
Women's organizations	**	*	***	***	***	**	***
Associations of the handicapped	***	*	***	***	*	*	***
Religious organizations	***	*	*	*	*	*	**
Religious organizations	**	*	***	*			**
Private sector	***	*	*	**			*
POP/Villages and neighborhoods					***	***	*
University researchers	***	**	***	*	*	**	*
Press corps	***		***			***	***
<i>Other</i>							
Financing facilities	***		***				
Embassies	***		***				
International organizations	***	**	***	*	*	*	*
<i>Projects Agencies</i>	***	*	***			*	**

* : low ** : average *** : high

¹¹ The five (5) focus groups met at least 5 times to examine interim reports, draft reports and final reports.

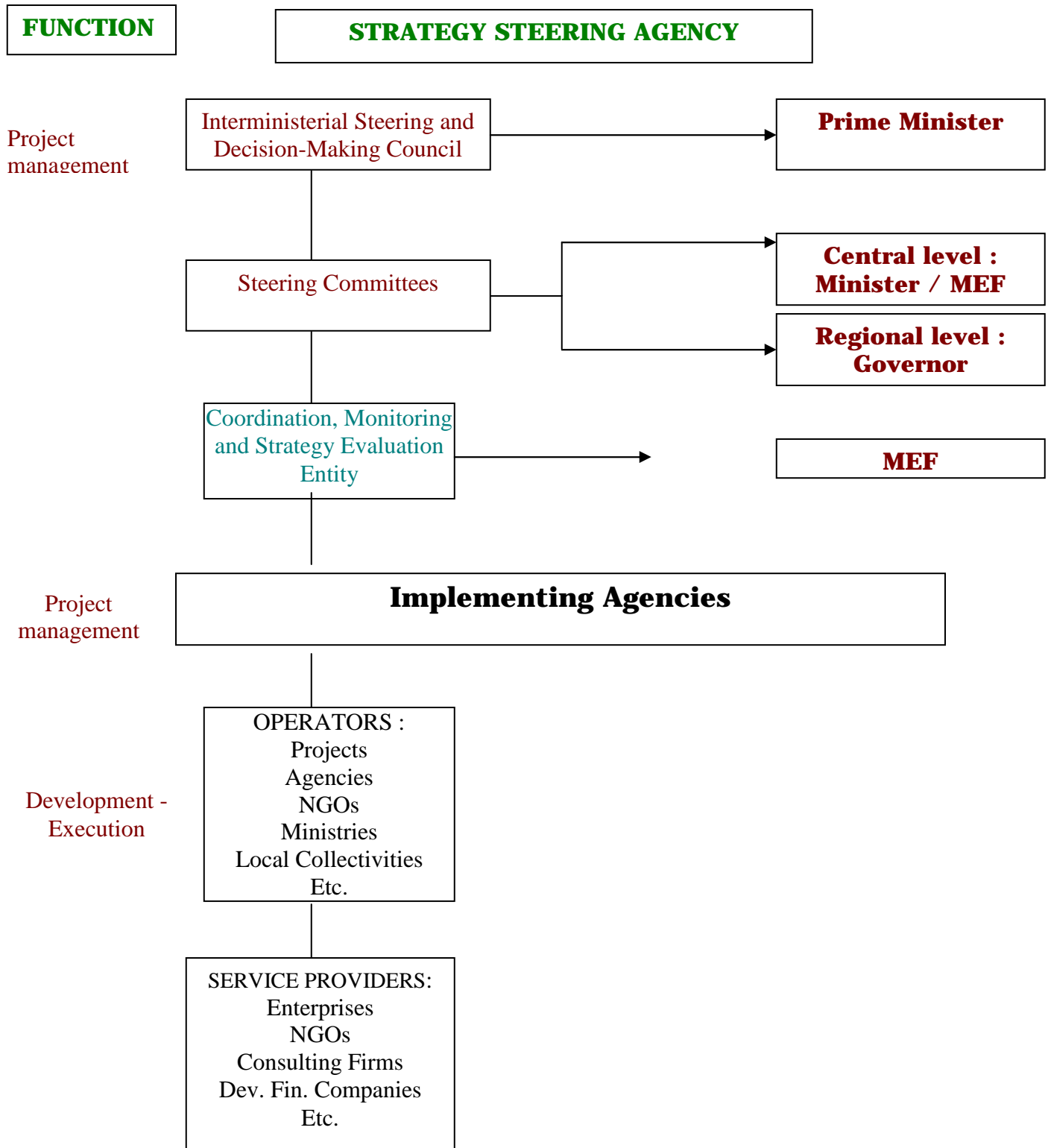
¹² This program is still underway.

¹³ Thousands of people participated in the interviews and meetings (neighborhood and village associations, focus groups, etc.) About 6,600 households filled out the questionnaire under the statistical component of the perception survey.

¹⁴ Workshops were organized in the country's ten regional capitals.

¹⁵ Workshops were organized in the country's ten regional capitals.

¹⁶ Regional and local administrations, *Centres d'Expansion Rurale Polyvalent (CERP)*, Rural Development Corporations, etc.





**Schema for the Participatory Process under the
POVERTY REDUCTION STRATEGY PAPER (PRSP)**

