

INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

SENEGAL

**Joint Staff Assessment of the Poverty Reduction Strategy Paper
Preparation Status Report**

Prepared by the Staffs of the International Monetary Fund
and the International Development Association

Approved by Donal Donovan and Masood Ahmed (IMF)
and Callisto Madavo and Gobind Nankani (IDA)

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1. Senegal's interim poverty reduction strategy paper (PRSP) was presented to the Executive Boards of the IMF and IDA in June 2000. In the interim PRSP, the authorities set out a timetable to complete a full PRSP by end-2001. In the event, some of the actions originally envisaged for 2000 could only be taken up in 2001. In particular, the launching of new surveys to update the poverty profiles and indicators was delayed until June 2001 as a result of technical and organizational difficulties. Nonetheless, the first technical inputs for the PRSP were prepared in early 2001, and broad-based participatory consultations took place during June-September. A seminar discussing the first consolidated draft of the full PRSP was held on December 13–14, 2001 with broad public participation, and the authorities have communicated this draft to the staffs of the IMF and IDA at the same time. It is expected that the finalized full PRSP could be submitted to the Executive Boards of the IMF and the World Bank during the first half of 2002 after the feedback and comments received from stakeholders during further interactions with civil society, the staffs of the Bank and Fund and other donors have been addressed.

2. The PRSP preparation status report sets out the main activities undertaken to date, notably the participatory process and the poverty diagnosis. The Senegalese authorities have sought to ensure a broad-based participation for the basic building blocks of the PRSP. Participants in the inaugural seminar held in June 2001 to validate the organizational structure of the PRSP process and to select themes represented government departments, civil society groups from different regions, and development partners. The five thematic groups retained by the participants—wealth creation, capacity building and access to social services, living conditions for vulnerable groups, PRSP implementation, and macroeconomic framework—offer a broad framework for developing the strategy. As regards the poverty analysis, the first results of the household survey and the poverty perception studies became available in August/September 2001. The results of these two studies are consistent with each other and with the results of earlier poverty studies. Poverty profiles were sharpened through regional consultations, which were used to generate priorities for the PRSP, poverty

indicators, and action plans for poverty reduction. These consultations allowed a broad cross-country participation of stakeholders, including the poor. The participatory process will be reinforced through a media campaign intended to elicit feedback on the draft of the full PRSP completed in late December 2001 and to raise awareness of the PRSP. Fund and Bank staffs believe that the participatory process was conducted in a comprehensive manner and was able to draw on a diverse set of regional, educational, social and professional backgrounds.

3. The full PRSP will include the evaluation of specific constraints to improving the environment for private sector growth and raising living conditions, along with specific proposals for overcoming these constraints. The document will analyze structural poverty issues and will propose investments and institutional reforms to enhance growth in various sectors and to improve living standards. It will put forward public approaches to implementing this strategy, including commitment to macroeconomic stability, improved governance, and public expenditure management and decentralization. Annexes to the PRSP will include a three-year macroeconomic framework, a matrix of measures to achieve objectives and three-year budgets for the specific investment proposals chosen from the matrix.

4. **The challenge for completion of a full PRSP was to integrate the different building blocks developed by thematic groups and regional consultation into a single coherent poverty reduction strategy.** The staffs believe that the results of the poverty surveys conducted in 2001, although still preliminary and incomplete, provide a good basis for the poverty analysis that is underpinning the full PRSP. The studies prepared by the thematic groups also provided a solid foundation for the elaboration of the strategy. The document will feature several macroeconomic scenarios under different assumptions of absorptive capacity, including a scenario in line with recent growth experience. One remaining task is to characterize how the government will prioritize among the different projects that have already been fully costed under the optimistic scenario in the event that absorptive capacity proves weaker than expected. Further clarifications of links between some of the broad-based objectives, the concrete measures retained in the matrix of measures, and the set of costed actions also need to be developed. Furthermore, the staffs believe that the full PRSP would benefit from strengthening the discussion of measures to improve the allocation of resources, public expenditure control, and implementation and monitoring capacity. In this respect, the Bank is assisting the government in improving expenditure management inter alia through program-based budgeting, development of new procurement procedures, and a poverty data management system. While important strides have been made as regards monitoring, including with the resumption of surveys in the health sector and the ongoing poverty survey, the full PRSP should address the institutional framework the authorities intend to set up to provide for public monitoring of progress in reducing poverty.

5. The staffs consider that progress in developing the full PRSP, as evidenced by the PRSP Preparation Status Report, is satisfactory and provides a sound basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the respective Executive Directors of the IMF and the World Bank reach the same conclusion.