STRATEGIC OBJECTIVE 1 COMPLETION REPORT

A. BASIC ADMINISTRATIVE DATA

1. **SO Title and number:** Sustainable Increase of Private Sector Income Generating Activities in Selected Sectors 685-01 (SO1)

2. **SO Approval Date:** November 1999 – March 2006

3. **Country assisted:** Senegal

B. FINANCIAL DATA

1. **Total SO Funding:** $29,722,658

2. **Fund Account:** DA, ESF

3. **Actual or estimated host country contribution:** $3,145,000

4. **Other partner contributions (if applicable):** N/A

C. PRINCIPAL IMPLEMENTING PARTNERS

NAME & ACTIVITY	TYPES OF INSTRUMENT	TIMEFRAME	TOTAL COST
Dynaenterprises Chemonics International	Contract	09/1999–09/2004	$ 26,500,000
Foreign Investment Advisory Service (FIAS) Roadmap investment survey	Grant	02/2002-06/2002	$ 63,030
Export Promotion Project Bearing Point	Contract	09/2003-03/2005	$ 994,971
Trade Point training program AMCS	Contract	12/1999-09/2000	$ 138,000
Enterprise Works	Contract	12/2003-01/2006	$ 1,595.000
Public- Private Partnership (PPP) study. Chemonics	Contract	02/2005-03/2006	$ 359,244
Center for Arbitration, Mediation and Conciliation (CAMC) BDO/MBA	Contract	07/2000-03/2001	$ 217,200
ASACASE	Cooperative Agreement	08/2001-07/2004	$ 957,618
Book Jangue Book Jeff	Cooperative Agreement	01/2005-01/2006	$450,000
REMIX – MFI training	Purchase Order	06/2004-12/2004	$41,000
		Total	**$29,722, 658**

D. Summary of overall impact at SO level and IR level in relation to what was originally planned

Impact at the SO level. By FY 2002, the private enterprise program exceeded its performance targets in microfinance and business development in the five targeted regions. The program benefited more than 50,000 individuals and enterprises. Over 42,000 charcoal-saving stoves were sold over the life of the project (2000-2002) exceeding the target of 30,000. However the ratio of private investment reached only 15.6 percent compared to an initial target of 17 percent.

Achievement under IR1: Improved Legal, Regulatory and Policy Environment. In conjunction with other donors, particularly with the World Bank, USAID/Senegal as the lead of the Donor Private Sector Working Group maintained a continuous policy dialogue with the Government of Senegal (GOS) and private business associations to improve the business environment. USAID/Senegal used FIAS expertise to complete an Investment Roadmap Survey and a Review of Senegal's Tax Code. Both studies were incorporated into the GOS action plans adopted in 2003 by the Presidential Investors Council (PIC). The PIC, comprised of key private sector actors, was created to improve the business climate and reduce obstacles to domestic and foreign private investment. The PIC had some success in effecting some private sector-friendly changes to Senegal's tax code including lowering the corporate tax rate from 33 to 25 percent. USAID/Senegal also provided support to the Port Authority which resulted in reducing the time needed to process customs formalities at the Port of Dakar from an average of three weeks to one week.

Achievement under IR2: Improved access to financial services. During SO1, the number of active borrowers working with institutions supported by USAID through Dynaenterprises increased significantly from 7,337 to 104,373. The amount of outstanding loans increased by 148 percent, rising from $23 million in 1999 to $56.8 million by September 2003. In Casamance, loans valued at $648,000 were extended to young and female entrepreneurs along with technical assistance offered to 3,603 entrepreneurs. Loans valued at $3.4 million were extended to 104 Small and Medium Enterprises (SMEs) under the Loan Portfolio Guarantee (LPG).

Achievement under IR3: Increased use of best technical and managerial practices. Approximately 2,182 SMEs received training on management practices, income generation and appropriate technology which was provided by local consulting firms on a fee paying basis. At least 84,664 SMEs had access to information through websites created by the USAID/Senegal program.

E. Significant changes in the Results Framework during the life of the SO

The original indicator "Number of Registered Small and Medium Enterprises Ratio of USAID-supported Microfinance Institutions (MFIs) loans" was changed to "Total MFI loans nationwide."

The IR1 was changed to read "Trade and Investment Policy Environment Strengthened."

A fourth IR was created and entitled "Increased Commercialization of Non-Traditional Agricultural and Natural Products."

F. Summary of Activities and Major Outputs

Indicators at the SO level: The number of SMEs registered jumped by more than 25 percent to over 85,000 exceeding the 66,000 target. The value of loans disbursed by USAID-supported Microfinance Institutions (MFIs) amounted to $31 million compared to a target of $23 million.

Trade and investment environment: Over 35 measures from the USAID-funded tax study were passed by the National Assembly along with the 2004 Budget Bill. Since 2005, the GOS has also implemented a new legislation to address key bureaucratic impediments to private investment expansion. As an immediate result, *Agence National chargée de la promotion et de l'investissement* (APIX) put in place a "one stop shop" to process all formalities required to make a private investment project operational. Thanks to USAID/Senegal funding, FIAS provided technical assistance to the GOS Ministry of Finance and APIX to identify and put in place an institutional arrangement to coordinate and monitor Senegal's Accelerated Growth Strategy (AGS).

Commercialization and Management of Natural Resources: USAID/Senegal supported the development of new opportunities for local enterprises to market non-timber forest products and non-traditional agricultural products. Six (6) natural products were identified as having immediate potential: baobab fruit, gum mbep, bamboo, honey, fonio and hibiscus. Eleven (11) products of longer term interest were also identified: charcoal, ecotourism, shea nut, butter, horseradish tree, madd, wen, tamarind dankh, jujube, hay and sesame. Since the products were identified near the end of SO1, the information was used to inform intervention strategies for a follow-on project in SO11, Wula Nafaa. USAID/Senegal also helped with the establishment of a working relationship between a producer group and an Italian pharmaceutical firm which manufactures face creams and beauty products made from baobab fruit. SO1 also had success in promoting Vetiver grass throughout Senegal. Vetiver is a multi-purpose grass that is used to improve soils, control erosion and can be used to produce marketable essential oils.

G. Prospects for long term sustainability of impact and principal threats to sustainability

The prospects for long term sustainability essentially depend on the political will of the GOS to implement and consolidate the key reforms necessary to establish a private sector- friendly environment. Two key reform actions achieved during the life of the SO included the development of an Investor Roadmap for APIX, which served as a guide to investors interested in Senegal and was the pre-cursor to the "one-stop shop" mentioned above. In addition, a policy reform agenda between donors and the GOS for improving the business environment was developed. The last Donor/GOS Consultative Group meeting held in October 2007 was an occasion for the GOS to reiterate the importance of the private sector in the process of transforming Senegal to emerging country status. At the closure of SO1, the donors, along with private sector associations, were anticipating the appointment of a central point of contact who would be empowered by the GOS to coordinate the implementation of the agreed upon policy reform agenda.

USAID/Senegal programs have resulted in significant headway towards increased sustainability of MFIs. The number of MFIs using full cost recovery interest rates and fees went from 62 percent in 2001 to full recovery plus 30 percent profit by 2005, while the number of MFIs with delinquency rates below 5 percent increased from 83 percent in to more than 150 percent during the same period. The new microfinance legislation prepared by the Central Bank based on best practices will contribute to develop microfinance potential, reduce risks and consolidate sustainability.

USAID/Senegal programs have resulted in an increase in the number of SMEs paying fees for business training. In addition, USAID/Senegal-supported Business Development Services (BDS) programs have demonstrated prospect for private sector financial sustainability. For instance, reports indicate that all Dynaenterprises BDS staff created and joined a registered association to maintain the skills learned through working with the project so as to deliver services to clients themselves. The key threat to sustainability of BDS programs are risks associated with subsidies placed between the demand of services and their provision. Therefore close donor coordination remains essential.

In the Agriculture Natural Resource Management sector, USAID programs laid the foundation for a sustainable use of natural resources. For instance, under the charcoal-saving stoves program, a strong emphasis was placed on sustainability through training entrepreneurs in production, assembly, marketing and sales of the stoves. Today, entrepreneurs continue to produce and sell these types of stoves without USG assistance.

H. Lessons learned for application to other SOs, including follow-on SOs in the same country or sector and similar SOs in other countries or sectors.

Key lessons for application to other SOs include:

- A well balanced SO should reflect wherever possible a combined "top down" and "bottom up" approach. Thus, the SO should include policy reforms that complement grassroots development so as to increase the ability to achieve the SO.

- It is important to take into account potential delays in reform implementation, because of limited (or lack) of political will from decision makers. Thus, it is important to ensure that strong political will for reforms exists prior to providing USAID support, or risk implementation delays.

- A critical factor for success for similar SOs is large participation by stakeholders and potential beneficiaries during the process of activity formulation and implementation.

I. List of evaluations and special studies conducted during the life of the SO, including Annual Reports

- FIAS: "Analysis of the tax burden on private enterprises in Senegal" (2001)
- FIAS: "Assessment of the reform of administrative procedures" (2002)
- Chemonics: "Fiduciary risk analysis of potential PPP in Senegal (2004)
- Chemonics: "Strengthening capacity to implement PPP in Senegal (2006)
- Dynaenterprises: Annual reports (from 2000 thru 2004)
- Enterprise works: Annual reports (from 2004 thru 2006)
- ASACASE: Annual reports (from 2002 thru 2004)
- Book Jangue Book Jeff : Annual report (2006)
- IBM consulting department: Final evaluation of Dynaenterprises (2006)
- USAID/Senegal Annual Reports (1999-2006)

J. Names and contact point of individuals who were directly involved in various phases of the SO (planning, achieving, and assessing and learning), and who would be good sources of additional information

- Ms. Aminata Niane, Director of APIX
- Mr. Aliou Faye, Director of the *Centre d'Etudes des Politiques pour le Développement (CEPOD), Ministry of Economy and Finance*
- Mr. Mansour Kama, President of the *Confederation Nationale des Employeurs du Sénégal* (CNES)
- Mr. Chimère Diop, former Managing Director of the Private Sector Foundation
- Mr. Abdel Karim Mbengue, Business legislation expert
- Mr. Ibrahima Diouf, Director of the Small and Medium Size Enterprises (SMEs) Office
- Mr. Peter Trenchard, USAID/Senegal Economic Growth Office
- Mr. Ousmane Sane, USAID/Senegal Economic Growth Office
- Ms. Aminata Badiane, USAID/Senegal Economic Growth Office

Clearances

P. Trenchard, EGO _____ **Date** 8/9/11

C. Tocco, PRM _____ **Date** 8/18/11

~~D. Catshall~~ J. Redder **, FMO** _____ **Date** 8/19/11

B. Conde , AO _____ **Date** 8/22/2011

A. Brewer, MD _____ **Date** 8/24/11