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STRATEGY STATEMENT

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Additional information on the attached can be obtained from Ron Daniel, AFR/WA.

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Strategy Statement: USAID/Senegal

Senegal is a country with tremendous transformational development potential that also faces significant threats to its stability. Senegal has long been considered one of the most stable countries in West Africa and is one of the only West African countries to not have experienced a coup d'état. It has developed into one of the strongest economies in the region, in part due to relatively strong economic growth of greater than 6% per year. Viewed alongside the collapse or mismanagement of its neighbors and regional peers, Senegal's stable and steady economic development appears even more noteworthy. In fact, a recent study published by the African Development Bank and the Organization for Economic Cooperation and Development (OECD) states "Senegal could replace pre-crisis Côte d'Ivoire as the motor for growth in French Africa." However, Senegal's stability is threatened by high unemployment, weak institutions, a lingering 23-year separatist rebellion in the Casamance region, and potential collapse in the neighboring states of Guinea, Guinea-Bissau, and Mauritania.

USAID's strategy for transformational development in Senegal seeks to boost economic growth by improving the enabling environment to attract more investment, increasing the volume of trade, and creating wealth through better management of Senegal's natural resources. A diversified economic base and a healthier, better educated population are keys to achieving and sustaining that growth. USAID will also continue to work towards securing a peaceful resolution to the conflict in the Casamance. A peaceful Casamance will not only significantly reduce the risk of backsliding in Senegal and the region, but also has the potential to attract, rather than discourage, investment in Senegal. Working in partnership with the Senegalese Government to achieve its vision of becoming a modern, prosperous, democratic state with a majority Muslim population is an important U.S. foreign policy priority. Failing to achieve this goal would have grave regional repercussions. Success will require increased commitment by the United States Government (USG) and a sharply focused development assistance strategy.

I. Country Context

Democracy and Governance After forty years of post-independence rule by the Parti Socialiste (PS), the Senegalese voted for regime change in the 2000 presidential elections. The Senegalese people greeted long-time opposition leader Abdoulaye Wade's election as president with very high expectations for change and progress. While some important headway has been made in the past five years, much of the promised reform has yet to occur.

Meanwhile, a vigorous free press has flourished, associational life is blossoming and respect for human rights is high. Nevertheless, Senegal remains a highly centralized state where patrimonial norms and values still influence the behavior of the country's political actors. Gaps in the rule of law and a lack of good governance practices constitute the weakest parts of Senegalese democracy. In addition to undermining the credibility of government institutions, lapses in transparency and accountability discourage foreign investors from coming to Senegal. They also handcuff would-be domestic investors and entrepreneurs who do not have, or refuse to make, the necessary links to the government to profit from the patronage relationships. This dynamic limits Senegal's potential for economic development and must be addressed not only by institutional reforms but also by efforts to reduce the prevalence of the patrimonial norms that undermine good governance practices.

While Senegalese public opinion clearly supports democratic norms, fair elections and a multiparty regime, less progress has been made in the area of establishing a balance of power between government institutions. The executive branch remains the dominant institution; the National Assembly still exercises little initiative in developing legislation and fails to counterbalance the executive. The judiciary remains weak, corrupt, and subordinate to the executive branch. Decentralization initiatives have not been fully implemented and overlapping layers of government lack transparency and accountability, contributing to continued inadequate service provision in the health and education sectors.

Casamance, Conflict and Regional Instability Lurking as a potentially destabilizing backdrop to the Mission's sectoral programs is the conflict in the Casamance, Senegal's southernmost region. A separatist rebel force, the Mouvement des Forces Democratiques de Casamance (MFDC), and the Government of Senegal (GOS) have been locked in a low-intensity yet seemingly intractable struggle

for over 20 years. The latest ceasefire was signed on December 30, 2004. While support for peace is strong amongst much of the population of the Casamance, strong resistance continues from factions of the rebel group's military wing and many of the entrenched interests on both sides of the conflict remain in place.

Because the Casamance region has more arable land and receives significantly more rainfall than the rest of the country, it has the potential to be the breadbasket of Senegal and an engine for producing exportable goods. This potential, however, remains untapped as a sustainable resolution remains elusive. It is impossible to envision truly transformational development in Senegal without a peaceful resolution to the Casamance conflict. A solution to the conflict must involve Senegal's neighbors, Guinea-Bissau and The Gambia. The MFDC has, at times, received support from these governments and used their territory as staging grounds for military and political activities.

More generally, instability permeates this sub-region of West Africa. Relations between Senegal and the Gambia are tense; the security situations in Guinea-Bissau and Guinea are quite precarious; and Mauritania recently experienced a coup-d'état. Growing use of the region for the transshipment of drugs to Europe also poses a threat to stability. Other sources of conflict in the sub-region stem from increasing competition over depleting marine, forest and cropland resources, as well as from fluctuating rainfall patterns that lead to internal migration and increased demographic pressures in the regions that receive more rainfall. Should any of the potential flashpoints in the sub-region ignite, the risks of a destabilizing influx of refugees and of less security in Senegal are very real.

Economic Context

Senegal achieved Gross Domestic Product (GDP) growth rates of 6.5% in 2003 and 6.0% in 2004, an accomplishment that demonstrates the country's economic growth potential. While impressive, Senegal's performance must continue to improve given the country's high levels of poverty and rapidly growing population. In spite of a potentially record harvest, the GOS projects just 5.2% growth in 2005, and expectations for 2006 are dimmed in part by high domestic and global energy prices. Close to 60% of Senegalese living in rural areas are below the poverty line, living on less than \$1 per day. In urban areas, that number is almost 45%. Holding population growth constant at the current 2.6%, the economy must grow by 7.5% for 10 years in order to meet the Millennium Development Goal of halving the rate of poverty by 2015.

In order to meet the ambitious target of attaining 7.5% growth from 2006 to 2015, the Government of Senegal is developing an Accelerated Growth Strategy (AGS) that will target five sectors: 1) agriculture and agro-industry, 2) fisheries, 3) tourism, 4) cultural industries and handicrafts, cotton, textiles, and garments, and 5) information and communication technology.

A dynamic private sector that attracts investment from both Senegalese and foreigners is essential for Senegal's economic future. Investments remain low and, despite recent progress, the business climate in Senegal is not yet sufficiently favorable to compete effectively with other developing countries seeking to attract investment capital from abroad. Gross domestic investment rates are too low to raise the real growth rate to a range that would generate the increased income and employment needed to reduce poverty rates. There is a clear need for regional coordination to create markets of sufficient size to interest major investors. Given Senegal's relatively small population of 11 million, opportunities for expanding or creating internal markets are limited, as is the country's capacity to export in large volumes. The Economic Community of West African States (ECOWAS) and other regional organizations have begun applying regional approaches to economic growth constraints in West Africa, but much more can and must be done. A further cause for concern is the current structure of the economy; the vast majority of the growth comes from only two sectors, construction and services, which are concentrated in Dakar. To increase economic growth, the Senegalese economy will need to diversify and expand its productive base.

Environment/Biodiversity

Senegal has experienced a decrease in savannas from 74 to 70% and cropland has expanded from 17 to 21% over the last forty years. These represent relatively modest rates of loss or growth. However, biodiversity in the forested regions of Senegal, as measured by land cover trends, has significantly declined and has been accompanied by a corresponding decrease in large mammal populations. Moreover, increased exploitation and inadequate regulation of coastal fisheries are putting pressures on the significant marine biodiversity

along Senegal's coasts. Annex 2 provides a brief analysis of the status of biodiversity and tropical forests in Senegal. This analysis will be broadened during the first year of the program to provide an up-to-date diagnostic of biodiversity and natural forest trends and identify how the Mission can best mitigate major threats to biodiversity.

Extractive Industries

Extractive industries in Senegal include phosphate, iron, gold, marble, limestone, timber, fisheries and offshore oil at the border with Guinea Bissau, and other minerals deposits such as peat and mineral sands. Due to an increasing private sector interest in the extractive industries sector, the GOS has issued several prospecting and exploitation permits over the last 15 years. Support to the extractive industries sector results in increasing employment and income generating opportunities, particularly for youth and local governments (possibility of tax levy) in targeted regions. In addition, a large part of the country's exports is based on extractive industry products such as phosphate byproducts, fish, and cement. While the role of the extractive industries in the country's economic growth is recognized, Senegal needs to put in place the relevant policy framework and take the appropriate measures to offset the risks and negative impacts associated with the exploitation of extractive industries, including pollution and overexploitation of natural resources (forests, fisheries) which can also fuel internal and cross-border migration that results in increased conflict over natural resources.

To support the GOS efforts, USAID/Senegal will be working in three extractive industries: fisheries, timber and mining. For timber, USAID is exploring with the GOS the possibility of initiating a certification process that ensures that all forest extraction activities are certified to an international standard. Revenue and exports generated by selected fishery products will be increased while dealing directly with issues of sustainability including, among others: local agreements on opening and closing dates for the fishery season, encouraging private sector investment in management of fisheries resources, increased protection of key breeding grounds and improved knowledge of the ecology and socio-economics of selected fisheries. Finally, USAID/Senegal is exploring the possibility of developing an alliance with international gold mining and mineral sand mining companies. Possibilities for alliances include assisting the GOS and associated private sector firm to rehabilitate and reforest sections of the Niayes region after a mineral sand operation is completed; and promoting ecotourism in the Faleme region where gold mining operations are taking place.

Health Sector Context

Although substantial improvements have been made in the health sector over the previous decades, including decreased infant mortality (86/1,000 in 1986 compared to 61/1,000 in 2005) and reduced maternal mortality (510/100,000 in 1992 compared to 450/100,000 in 2005), Senegal's human development indicators remain unacceptably low. (It is ranked 157 out of 177 countries on the United Nations Development Program (UNDP) Human Development Index). Population growth is straining the government's ability to provide adequate social services for the burgeoning population. Fertility has slowly decreased, but remains high, at 5.3 children per woman. The contraceptive prevalence rate is low, with only about 10.3% of married women of reproductive age using contraceptives. Given the young age structure of the population, early age of marriage (national average of about 17) and widespread polygamy, prospects for a significant reduction in population growth are weak unless a major effort is undertaken to improve reproductive health activities as well as women's and girls' education.

Senegal's current health policy is outlined in the country's Poverty Reduction Strategy Paper (PRSP) as well as in the National Health Development Plan, 1998-2007, which was endorsed by donors and other stakeholders. A recent evaluation of the National Health Plan's first phase indicates mixed results. Despite progress in hospital management and the availability of essential drugs and affordable treatment at health posts, significant sector constraints remain. These include: (1) insufficient access to health services; (2) poor quality and low efficiency and accountability in health services; (3) insufficient emphasis on prevention and behavior changes; (4) weak institutional capacity; (5) insufficient coordination with communities and private sector; (6) inadequate sector financing and budgetary procedures; and (7) high financial barriers to access and utilization of health services. A revised second phase of the National Health Plan was recently endorsed that includes both supply- and demand-side constraints at the central, clinical, and community levels.

Education sector context

Significant progress has been made in education over the past four years. The primary school enrollment rate increased from 69.8% in 2000 to 82.5% in 2004/2005, while completion of primary school education jumped from 59.1% to 69.6%. Of the 78,500 primary school graduates, only 49.1% of them were able to continue their education at the middle school level. Girls constituted 33,394 of these graduates, or approximately 43%. The increase in gender disparity becomes more pronounced at upper levels of the education system due to schools being further from homes, early marriage, and parents not valuing the benefits of educating girls through high school. Women comprise only 16% of all teachers in Senegal.

Education accounts for 40% of Senegal's budget, the largest single sector allocation, signaling the importance given to the sector. The two key priorities of the GOS' ten-year plan for improving education are: (1) promoting a ten-year cycle combining the primary (basic) and middle school (upper basic) systems in such a way that at least 60% of primary school graduates are able to complete middle school; and, (2) increasing access to and improving the quality of vocational training. USAID/Senegal's middle school program has played a key role in helping the GOS meet its goals. Between 2002 and 2004, middle school enrollment in the three regions in which USAID is active increased from 32,000 to 45,000. Unfortunately, these improvements only begin to tackle the problem, as there remains a huge unmet need for middle school classrooms. Many of the teachers currently participating in USAID teacher training programs are still teaching under trees or in other informal settings.

Youth

A focus on youth and workforce development is critical in Senegal for many reasons. Senegal has been identified as having a youth bulge that poses extreme risks to its stability, with 50.2% of the adult population between the ages of 15-29. Children who do not complete sixth grade face very limited job or income-generating prospects and are more likely to become a societal risk by being recruited into illegal activities of all kinds, including the drug trade or other smuggling activities. Increasing access to education, while critical, does not fully address the problem. According to private companies, the quality of the workforce produced by the school system is poor. Firms are unable to find workers with the skills needed to easily assume positions in offices and factories. In order to successfully implement Senegal's Accelerated Growth Strategy, the GOS recognizes that a much more targeted workforce development program is needed.

Urbanization

Over 40% of the population in Senegal is urban, with a persistently high rural to urban migration rate. Urban population growth rates place unmanageable stress on large cities such as Dakar and rapidly growing urban centers such as Touba. The outskirts of Dakar feature densely populated shantytowns where health conditions are poor and economic opportunities are few. USAID/Senegal's strategy seeks to slow unsustainable levels of urbanization by creating livelihood opportunities in rural areas and secondary cities. By helping create jobs and generate income, provide improved health service and access to education, and reverse environmental degradation in areas outside of the main urban centers, USAID programs will provide strong incentives for citizens to not uproot their families in search of a better life. USAID/Senegal's strategy seeks to support both rural and urban economic growth and poverty alleviation. Recognizing that rural out-migration is driven by a number of factors, many of which are outside of USAID's manageable interest, the focus will be on development of agro-industries and other sectors that will absorb labor, particularly the labor of unskilled and semi-skilled youths both male and female. Agro-industries can also aid regional economic growth if Senegal becomes a hub for value addition.

Counter-terrorism

Senegal is a leading African partner of the U.S. Government in the struggle against international terrorism. It is a majority Muslim society that lives, prays and governs in the center and that maintains warm relations with the United States. Nevertheless, given the ever-present potential for advocacy for radicalization from external actors, USAID/Senegal programs seek ways to support the institutions of moderate Islam. The Mission engages in outreach with the leaders of Senegal's Islamic brotherhoods on development-related issues and will implement small-scale programs that target potential vectors for radicalization such as Koranic schools.

II. Program Description

USAID/Senegal's program is designed to spur economic growth by boosting Senegal's trade capacity and by improving the business and investment environment. It will prepare the next generation of healthy and productive citizens by improving Senegal's health and education systems. At the local level, it will expand economic opportunities in rural areas by helping citizens generate income, connect to domestic and international markets, manage the country's natural resources, and govern more effectively. As such, USAID/Senegal's program is firmly rooted in the foreign policy goals outlined in the joint State/USAID Strategic Plan, which seeks to advance the growth of democracy and good governance, strengthen economic growth, and improve health, education and environment.

The strategic objectives presented in this document contribute directly to the operational goals outlined in the Strategic Framework for Africa, namely:

- Foster a healthier, better educated, and more productive population.
- Increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance.

Though ambitious, the program builds on USAID's extensive track record of accomplishments and draws on the strong working relationship with government officials and civil society leaders. In determining how to best meet Senegal's development priorities, USAID and the GOS convened sector working groups meetings. USAID staff also met regularly with counterpart civil society organizations and leaders, and with other donors and implementing partners.

Democracy and Governance

The Mission's democracy and governance (DG) strategy is to promote policy reform at the national level and strengthen the demand for accountability and transparency at national and local levels. Poor governance and weak rule of law are important obstacles keeping Senegal from achieving higher economic growth and improved social service delivery. A lack of transparency and accountability is a characteristic common to all sectors in which the Mission works. For reasons of efficiency and effectiveness, USAID/Senegal will integrate its DG programming into all strategic objectives (SOs) rather than retaining a stand-alone DG SO.

Efforts to address transparency and accountability issues face strong resistance from entrenched interests who benefit from the status quo. USAID/Senegal, in close coordination with its donor partners, will identify and support key stakeholders and champions of reform, both inside and outside of government, to encourage the GOS to adopt legislation and implement existing laws that increase transparency and accountability. The Mission will target reforms that will spur economic growth by improving the enabling environment and attracting investment. Examples of such reforms include making the public procurement process more transparent and streamlining the administrative processes for registering or starting a company. The private sector, including firms and communities engaged in USAID's economic growth program, will be key partners in these efforts.

Bringing civil society actors into the policy reform dialogue is a key element to achieving sustainable results. By funding targeted analyses and communication campaigns that inform the public debate, USAID will enable new voices to be heard and new leaders and spokespersons to emerge. Enlarging the field of actors will create poles of influence outside of the current highly centralized political structure. Widespread and locally developed efforts to establish transparency and accountability as norms will encourage the Senegalese to challenge the entrenched, inefficient patronage system that makes Senegal less competitive. These efforts will also increase the likelihood of agreed-upon policy changes being put into action.

Given the GOS' slow pace on efforts to assure accountability and transparency, USAID will work with local stakeholders, interest groups and communities to increase transparency and accountability at all levels. When appropriate, USAID/Senegal will also work for effective decentralization and a corresponding increase the capacity of ministerial staff to function in a decentralized system. Each of the Mission's sector programs will incorporate improved transparency and accountability into their SO activities. For example, the health team will work with local health committees to improve their ability to plan for and use central government resources, consistent with decentralization legislation. The education team will promote greater transparency around the use of school resources as well as education funds allocated to various levels of the education system.

By the close of the Mission's strategic objectives in FY 2010, USAID anticipates that an increase in transparency and accountability in Senegal will boost productivity and economic growth and, ultimately, enable the provision of more infrastructure and social services to more citizens by the Senegalese themselves – the government, private sector, and civil society – rather than by donors.

1. Increased Economic Growth through Trade and Natural Resource Management [Initial Obligation: FY 2006, Estimated Final Obligation: FY 2010]

The economic growth (EG) program integrates efforts to boost trade and exports with initiatives to reverse environmental degradation through improved management of Senegal's natural resource base. This strategic objective responds to the needs and priorities of the GOS as well as to the priorities presented in the Strategic Framework for Africa. It focuses on the enabling environment, as suggested in the Framework's prioritization matrix for economic growth, and addresses the three EG objectives in the Framework: increasing integration of African economies into regional and global markets; improving government transparency and accountability; and improving private sector development. It also responds to the Natural Resources/Environment and Agriculture objectives outlined in the Framework for Africa: improving natural resource management and conservation and increasing the sustainable production, marketing, and trade of natural resource-based products and services.

Promoting the implementation of policy reforms to reduce barriers to trade and increased local and foreign investment is at the core of this program. Concurrent with the policy initiatives, USAID/Senegal will seek to increase export-oriented trade by diversifying agricultural production and increasing the revenues generated from the natural resource base. These goals are all linked; improved use and management of the natural resources found in Senegal's forest and marine ecosystems is an important step in diversifying the Senegalese economy. However, efforts can only succeed if appropriate policy incentives are in place.

In Senegal, as in much of West Africa, environmental degradation is deteriorating the agricultural and natural resource base, which threatens the source of livelihoods of the majority of the population (more than 60% of Senegalese rely on agriculture for their livelihoods). Using a demand-driven approach that emphasizes the importance of identifying buyers for products at the outset, USAID will help develop markets that will transform agriculture and natural extractive industries into sustainable sources of wealth and job creation. Products that have a potential for increased demand regionally and internationally, or are AGOA eligible, will be targeted. USAID anticipates that success in expanding several targeted markets – via promoting value added processes, improving marketing and business management, and expanding access to credit, for example – will have a demonstration effect that will encourage private sector investment on a broader scale to achieve more economic transformation.

As communities begin to increase the value they place on these resources, the program will create incentives for people to stay in rural areas – the traditionally marginalized regions of the country that are most affected by environmental degradation – rather than relocate to already overcrowded major urban centers. The program will also strengthen democratic governance by helping community groups and local governments develop the capacity to protect and manage the exploitation of natural resources and the revenues that they generate.

Water could pose a major constraint to economic growth in Senegal. An integrated approach to water resources management would benefit different economic sectors, including fisheries and agriculture, contribute to improved biodiversity conservation, as well as help the country meet the Millennium Development Goal of halving the number of people without access to clean water and sanitation.

Policy reforms and improved management systems are also necessary to ensure the long-term conservation of Senegal's biodiversity in its forest and marine ecosystems. Much research remains to be done on the current status of plant and animal life in Senegal's national parks, but the loss of major wildlife populations, both marine and terrestrial, has been well documented. The EG program will target these protected areas to improve biodiversity conservation and to enhance their potential as sources of rural economic growth through eco-tourism. Increasing the value local populations place on these resources will increase their incentives for championing conservation.

This program prioritizes the creation of partnerships for growth as a means for attracting investment and leveraging aid. Partnerships will include Global Development Alliances (GDAs) to promote joint investment in new products, joint ventures between private sector investors, smaller businesses and farmers and the GOS, credit guarantees, and Public-Private Partnerships (PPPs) to develop new, creative financing mechanisms for public projects and service provision. Because regional economic integration is vital for long-term growth, the program encourages the creation of export links to neighboring countries rather than focusing exclusively on the more difficult to penetrate markets in the United States and Europe. USAID/Senegal intends to work closely with the West Africa Regional Program's Trade Hubs to create linkages between national and regional initiatives to improve export value chains and to reduce the administrative costs of trade.

Expected results at the close of the SO are: increased volume of trade, revenue and jobs in targeted sectors; increased agricultural diversification and productivity of non-traditional and natural products; increased number of hectares of natural forests, coastal or protected areas under local management; increased and improved government promotion and management of public-private partnerships to provide services; and increased capacity of local governments to provide transparent, accountable leadership.

2. Improved Health of Senegalese People [Initial Obligation: FY 2006, Estimated Final Obligation: FY 2010]

In accordance with the priorities outlined in the Strategic Framework for Africa, USAID/Senegal's health program is organized under three essential and mutually reinforcing components: 1) maternal and child health; 2) HIV & TB prevention and control; and 3) decentralizing services to improve accountability, transparency and financing. Senegal's high maternal mortality rate is primarily due to women having too many children too close together and to poor antenatal care and birthing services. USAID's health program will improve the quality of care for mothers and newborns, increase the prevention and treatment of malaria during and after pregnancy, and expand the availability and use of contraceptives to help mothers better space the birth of their children. Malaria is the largest cause of morbidity and mortality in Senegal. USAID will continue to support a program that subsidizes insecticide-treated nets (ITN) to make them more affordable for those most vulnerable to the disease; to strengthen both clinical and community management of malaria through the use of Artesunate Combination Therapy (ACT) and through the Intermittent Preventive Treatment (IPT) of malaria in pregnancy.

To address Senegal's high fertility rates, the Mission will support activities aimed at meeting unmet need and addressing supply issues for family planning services. A new element of the program will involve engaging government officials and other key stakeholders, such as religious leaders and faith based organizations, to marshal national level commitment to meeting the GOS' stated goal of increasing the use of contraceptives from 10% to 16%. USAID also promotes girls' education, which, in addition to contributing to more productive and healthier families, also reduces family sizes over the long-term.

HIV/AIDS prevention and treatment is an important component of USAID/Senegal's strategy. The national average HIV prevalence is 0.7%, but is as high as 3.4% among women in certain regions and considerably higher in high-risk groups such as prostitutes, transportation workers, fishing industry workers and men who have sex with men. In addition to promoting the Abstinence, Be Faithful, Correct and Consistent Condom Use (ABC) approach for HIV prevention among the general population, USAID's HIV efforts will focus on expanding and improving preventive services to high-risk groups or bridge populations, implementing the Prevention of Mother to Child Transmission program, expanding psycho-social and nutritional support to persons living with HIV/AIDS, and integrating HIV and TB surveillance and services. The program will also expand access to voluntary counseling and testing services and provide care and support to persons living with HIV/AIDS.

The GOS will receive significantly increased resources through the Global Fund, debt forgiveness and donor budgetary support programs. The Ministry of Health (MOH) should therefore receive increased budget allocations and be able to put more money toward solving major public health problems that have heretofore been addressed more directly by USAID and other donors. However, the MOH is not currently well placed to advocate for those resources within the government, nor well positioned to

engage in multi-year budget planning or other vital management, such as monitoring and evaluation. USAID plans to shift some of its support in the health sector to help build capacity within the MOH to advocate for resources and to analyze and plan for their optimal use.

Increasing the involvement of the private sector is a key component for resolving health care financing and transparency issues and 'stretching' GOS funding. USAID will look at ways to integrate private providers into health districts; increase the number and range of products offered via commercial, social marketing channels; expand the coverage and increase the sustainability of Mutual Health Cooperatives. The program will also facilitate the creation of PPPs where the private sector would be able to provide services more effectively.

Policy issues in the health sector include both institutional and clinical/technical issues. Key institutional policy issues center around planning and budgeting processes as well as human resources. The latter includes a wide range of issues such as: incentives to recruit personnel for "hard to fill" assignments; the role of non-medical providers such as community health workers and traditional birth attendants; and pre- and in-service training. Planning and budgeting issues include decentralization and the respective roles and responsibilities of various levels in the health care system; and developing outcome-based and integrated health plans and budgets.

By the end of the program, there will be improved health planning and budgeting processes at the local and national levels. Key human resource constraints such as the severe shortage of trained nurses and other health professionals will have been addressed. Other expected outcomes include decreased maternal and infant mortality, contraceptive prevalence rate at 16% and maintaining national HIV prevalence at below 1%.

3. Better Educated Youth. [Initial Obligation: FY 2006, Final Obligation: FY 2010]

USAID/Senegal's education program was developed in close collaboration with the Ministry of Education and addresses the two main sector objectives presented in the Strategic Framework for Africa: promote equitable access to quality basic education; and improve access to productivity-increasing job skills. USAID/Senegal will assist the GOS to expand access to middle school education, build students' information technology skills, provide vocational training for youth, and improve the quality of education offered in Koranic schools. The education program also increases girls' enrollment and completion rates through scholarship programs and community-level work. In addition, USAID/Senegal will work closely with the GOS to identify strategies for increasing the percentage of women teachers.

The middle school program stems from a GOS request that USAID help address the constraints confronting middle school education. As the government and donors experienced success in increasing primary school enrollment rates, a bottleneck developed; students who completed sixth grade often had no opportunity to continue their basic education. USAID is addressing that unmet demand through its middle school initiative that builds new middle schools in villages and town where previously there were none and rehabilitates old facilities that are in disrepair. USAID not only increases access to middle school education, but also improves the quality through teacher training, and increased parental involvement. The program emphasizes community participation in building and managing the schools to reinforce the crucial role that parents and community leaders play in the success of their children's education.

Information and communication technology will continue to be an integral part of USAID/Senegal's education program. Under a GDA agreement between Microsoft, the Ministry of Education, and USAID, software and training are being provided to schools, and plans are in the works to expand the successful program. By providing children with the access and skills needed to guide their own learning using information available on the Internet, they will be better prepared to contribute to their country's economic growth and to more fully participate in the global economy.

In a similar vein, USAID will provide support for the development of PPPs to support the government's proposed vocational community colleges. These colleges will provide job-relevant training in order to redress the mismatch between what is traditionally taught in schools and the needs of the private sector. The colleges will target youth from 16 to 24 years old. The private sector is expected to play a prominent role in defining the institutional framework and curriculum for these institutions and,

through the use of public-private partnership arrangements, to play a key role in establishing and managing the colleges. USAID/Senegal will provide technical assistance needed to develop public-private partnerships as well as loan guarantees to encourage private sector investment in the colleges.

Koranic schools have been for centuries a major instrument for spreading Islamic education and values in Senegal and across the Muslim world. Estimates of the number of such schools in Senegal range from 6,000 to 10,000 schools. Very few of the Koranic schools integrate practical skills and vocational training into their curriculum that would enable children to compete for jobs or generate income upon leaving the school. The Senegalese Government and USAID want to ensure that Koranic schools continue to promote a moderate form of Islam. The major challenge for these schools is to equip boys and girls with the knowledge and skills they need to earn a living and to live in a world full of diversity, without undermining the importance placed on learning the Koran. The program will aim to: (1) improve the relevancy of teaching to the socio-economic needs learners will face in their future life; (2) improve the quality of learning and teaching conditions; and (3) increase the participation of communities and civil society in Koranic schools.

By the close of this strategic objective, USAID/Senegal expects that its education program will result in a greater number of girls and boys attending middle school and receiving a quality education. There will be greater transparency and accountability regarding the use of education resources. The Mission's support for community colleges, information technology, and Koranic schools will result in a greater number of youth with market-relevant job skills.

Fragility/Peace-building SO: Casamance Peace Process Advanced

USAID has been very active in the Casamance region since 1999, employing a multifaceted approach aimed at helping to create the enabling environment for peace. The peaceful resolution of the Casamance conflict will not only contribute to regional stability but also has the potential to be a catalyst for economic growth in Senegal. Unleashing the agricultural production potential in Senegal's most fertile region will help the GOS to meet its economic growth rate and poverty reduction goals.

The key drivers of the conflict are understood to be cultural discrimination, political disenfranchisement, competition over natural resources, a lack of economic development, and geographic isolation. The first and most important step towards addressing these drivers remains the signing and implementation of a sustainable peace accord. Talks between the parties are progressing and some hope for resolution exists, in large part due to the conflict fatigue expressed by many of the Casamance's people and renewed political will on the part of the GOS. Working in close coordination with the U.S. Embassy, USAID will help the GOS and MFDC leadership to improve their negotiation skills in order to be able to reach a comprehensive, sustainable peace accord that will be the starting point for addressing political disenfranchisement and cultural discrimination. Reaching an accord will provide disincentives for actors who have opportunistically benefited from the conflict.

At a more grassroots level, the Mission will fund seed projects with civil society organizations that will enable them to be more effective advocates for citizens' needs and perspectives throughout the negotiating process. USAID and other donors are poised to address the other underlying grievances as part of a reconstruction program once a sustainable accord is reached. Many impediments to economic activity must be overcome, including crumbling or nonexistent infrastructure and the presence of landmines, before significant contributions to growth can be expected.

The Mission will ensure that its sector programs are active in the Casamance as part of its cross-sectoral approach to peace building and peace consolidation that will address some of the region's critical socioeconomic needs. These programs will all utilize conflict-sensitive approaches to programming. By the close of the SO, USAID expects great progress will be made toward reaching a sustainable peace settlement in the Casamance. Should a sustainable accord be attained, the program will focus on helping to oversee the implementation of the peace accord.

Public Private Partnerships, Indigenous Expertise

As discussed in each of the SO descriptions above, USAID will utilize GDAs and PPPs to increase the efficiency and quality of the Mission's programs as well as to leverage additional investment. Alliances already in place include a girls' scholarship program with the Sonatel Foundation, an ICT

training program in middle schools supported by Microsoft, and a program to teach local health care workers to treat acute respiratory infection partially funded by Pfizer. The management unit of USAID's education program is located in the Ministry of Education and relies heavily on local retired education professionals to develop and implement training programs. The Mission's approach to business development draws extensively on expertise available in local consulting firms. Future solicitations will continue to promote the use of local expertise.

Links to National Development Priorities and Other Donor Programs

USAID's strategy was developed in close collaboration with the GOS. Proposed strategic objectives support the priorities outlined in Senegal's PRSP: wealth creation, capacity building and provision of basic services to reduce poverty in a sustainable manner. These objectives also complement the government's sectoral plans, including the National Health Development Plan and the National Education and Training Development Plan, which are linked to the PRSP goals. In addition, USAID's comparative advantage in efficiently providing highly effective technical assistance complements other major donors' approaches to foreign assistance as they move towards direct budgetary support. Well-targeted USAID assistance can assist the GOS in: (1) achieving programmatic benchmarks necessary for the release of funds by other donors; and (2) effectively utilizing additional funding made available through budgetary support.

Presidential and USAID Initiatives

Several presidential initiatives are, and will continue to be, integral to USAID's development program. Resources from the African Education Initiative will support teacher training, girls' scholarships, community involvement in schools, and, beginning in FY07, the construction of schools. USAID participates in the 40-member Country Coordinating Mechanism of the Global Fund, and has provided technical assistance and staff to a Technical Secretariat that facilitates technical review and decision making. As the number one killer of children, and a huge drain on the health and productivity of the adult population, malaria is a primary public health issue in Senegal, and one that USAID is well placed to effectively address through the Accelerating the Fight Against Malaria Initiative.

USAID contributes approximately \$1 million towards the Global Climate Change Initiative through our forestry program which improves long-term management of natural forests, thereby improving carbon sequestration. USAID will contribute to the Water for the Poor Initiative through planned coastal resource management activities and will collaborate closely with the Africa Growth and Competitiveness Initiative.

Coordination of Humanitarian Resources with the Program

Through coordination with the Health, Education, and EG/NRM SO teams, USAID will use humanitarian resources to bolster programs in those sectors. Food for Peace (FFP) funds will provide food and care for people living with HIV/AIDS as part of the Mission's comprehensive strategy for preventing the spread of HIV/AIDS and reducing the hardships for those who have contracted the disease. FFP funds will also be used for a school feeding program that serves both as an incentive for parents to send their children to primary school and as a means of combating childhood malnutrition. In the past, Senegal has suffered from natural disaster in the form of locust and grasshopper infestation. Should these destructive swarms return, USAID will use disaster relief funds to not only mitigate the immediate damage caused, but also to invest in natural pesticides to better protect croplands in the future and to build up Senegal's command and control structures so that the government can better coordinate the response to natural disasters.

Cross-cutting themes

HIV/AIDS. To complement USAID/Senegal's health programs described above, the health and education teams will collaborate to support the Ministry of Education's pilot of a life skills curriculum in middle schools in Kolda (the region with the highest HIV/AIDS prevalence in Senegal). USAID will also explore ways to reach out-of-school youth with the life skills curriculum, particularly in high HIV prevalence areas. USAID will initiate microfinance activities for Associations of People Living with AIDS in response to repeated requests from these associations for help to generate income to help defray their medical expenses and provide support to families and children.

Gender. Due to social constraints and religious traditions, Senegalese women continue to suffer from low status. There is a widespread perception that a woman's primary role and purpose is that of

bearing and raising children. Early marriage is a symptom of this belief. Women are vastly underrepresented in the public sector, occupying only 11% of elected positions, 9% of all government positions and only 16% of all teaching positions. Gender concerns cut across all the strategic objectives described above. The economic growth and environment program will directly target women and youth. It will promote greater involvement of women in private sector activity through functional literacy training, the development of labor saving crop choices and techniques, and information on how to access new markets. The program will encourage the participation of women's associations and businesses in defining priorities for local communities. In the education sector, USAID's program will address gender directly by increasing girls' enrollment and retention and by identifying strategies to increase the percentage of female teachers. Family planning efforts in Senegal will continue to be constrained unless additional effort is made to sensitize men to the benefits of child spacing. USAID will work to ensure that issues such as youth reproductive health and women's leadership remain fully integrated in the Mission's activities. Additionally, USAID will continue to emphasize community involvement in both the health and education programs. Focusing on the community level tends to empower women in the decision-making process.

Relationship to MCA Program. The GOS submitted an ambitious proposal to the MCC in 2004 requesting funding for the development of an industrial platform approximately 25 miles from Dakar in an effort to spur manufacturing and entrepreneurial activity. USAID's strategy complements the proposed MCC program in two principal ways: (1) improving the private sector enabling environment through policy reform efforts aimed at resolving key impediments to investment which could otherwise negatively affect the industrial platform; and (2) building the GOS capacity to develop and manage PPPs, which will be heavily utilized in the construction and management of the platform.

Resource Requirements The table below presents the program and OE resources required to achieve the results described in this strategy statement.

Program Budget: The average annual budget for USAID/Senegal over the past three years has been approximately \$28 million, including DA, CSH, and initiative funding (excluding food aid). The Mission anticipates that it can support the program outlined above with a budget at about the same level over the five-year life of the program. Additional funding will be required to continue the Koranic School activity, which was initiated with ESF funding in FY 2005. Given Senegal's high ranking in the education and conflict categories of the country prioritization tables, the Mission expects to receive increased levels of funding in these areas. The Mission projects that health funding will remain at the same level, with the exception of a possible increase in malaria funding.

Operating Expense (OE) Budget: A primary undertaking of the Mission during this strategy will be to achieve a reduction in staff levels and in OE costs through improved efficiencies in our business processes. Management has in place a sound system for allocating support costs using an approved ICASS methodology for the services that we are providing to the SO Teams, RIG, OFDA, FFP, Treasury, APHIS and starting in FY 06 the WARP Satellite Office. The Mission has streamlined its travel system by implementing an ebusiness system using the Travel Manager System. These are just a couple of the efficiencies we have implemented to save funds; however, the cost of doing business in Senegal is relatively high despite Mission cost-saving measures.

Major Implementation Approaches. USAID/Senegal will implement the majority of its program through Strategic Objective Grant Agreements (SOAGs) for all four SOs outlined in this strategy. The Mission will obligate funds through cooperative agreements and contracts, some of which are already in place and many of which soon will be awarded to a broad spectrum of implementing partners. Efforts are being made to reduce the complexity and administrative burden of the Mission's procurement instruments. For example, in the health sector, the number of instruments will be reduced from 14 to four. All instruments will include provisions to maximize the use of private-public partnerships and GDAs.

Illustrative Program Components by SO

SO 11: Increased Economic Growth through Trade and Natural Resource Management

- Increase Trade and Investment
- Improve Economic Policy and the Business Environment
- Improve Private Sector Competitiveness
- Increase Agricultural Sector Productivity
- Improve Sustainable Management of Natural Resources and Biodiversity Conservation
- Promote and Support Anti-Corruption Reforms
- Support Democratic Local Government and Decentralization

SO 12: Improved Health Status of Senegalese Families

- Reduce Transmission and impact of HIV/AIDS
- Prevent and control Infectious Diseases of Major Importance
- Improve Child Survival, Health and Nutrition
- Improve Maternal Health and Nutrition
- Support Family Planning
- Support Democratic Local Government and Decentralization

SO13: Better Educated Youth

- Achieve Equitable Access to Quality Basic Education
- Increase the Capacity of Higher Education to Contribute to Development
- Improve Quality of Workforce through Vocational/Technical Education
- Support Democratic Local Government and Decentralization

SO 14: Casamance Peace Process Advanced

- Mitigate Conflict and Support Peace