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United States Agency for  
International Development  
Senegal

Project Assistance Completion Report  
Economic Support Fund V  
(685-0289)

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### Acronyms Used in This Report

|          |  |
|----------|--|
| BCEAO:   | Banque Centrale des Etats d'Afrique de l'Ouest                   |
| CCCE:    | Caisse Centrale de Coopération Economique                        |
| CFA:     | Communauté Financière Africaine                                  |
| CP:      | Condition Precedent  |
| CPSP:    | Caisse de Péréquation et de Stabilisation des Prix               |
| CSS:     | Compagnie Sucrière Sénégalaise                                   |
| ESF:     | Economic Support Fund  |
| GAO:     | Government Accounting Office                                     |
| GMD:     | Grands Moulins de Dakar  |
| GOS:     | Government of Senegal  |
| IMF:     | International Monetary Fund                                      |
| ONCAD:   | Office National de Coopération et d'Assistance au Développement  |
| PACD:    | Project Assistance Completion Date                               |
| PPF :    | Policy Framework Paper   |
| PACR:    | Project Assistance Completion Report                             |
| PIL:     | Project Implementation Letter                                    |
| PRM:     | Office of Program Management                                     |
| RIG:     | Regional Inspector General                                       |
| SAL:     | Structural Adjustment Loan                                       |
| SONACOS: | Société Nationale de Commercialisation des Oléagineux du Sénégal |
|          | United States Agency for International Development               |

## Executive Summary

ESF V was implemented from May 1987 to June 1993. It was a structural adjustment grant with a total value of \$11,575,000 including \$11,075,000 of cash transfers and \$500,000 for payments by USAID for costs associated with relevant studies and technical assistance in consultation with the GOS.

ESF V was the second in the multi-year ESF program focussed on agriculture sector policy reform. ESF V conditionality was focused on four policy themes: improving management of agriculture sector policy reforms, restraining consumption of imported rice, reducing agriculture sector deficits, and encouraging private sector agro-industry.

The GOS fulfilled the greater part of ESF V conditionality. It met the conditions precedent for the two tranches as set forth in the Grant Agreement except for the slippage of deadlines set for the SONACOS audit, for an action plan for removal of constraints on bank credit to small scale enterprises, and for privatization of rice imports.

### **The major accomplishments were:**

- creation of a joint GOS/USAID working group on policy issues;
- full repayment by farmers of 1986/87 peanut seed credit;
- elimination of the sugar perequation;
- improvement of GOS contracting procedures with private wheat millers; and
- completion of a set of studies on rice import policy, Senegambia price differentials, groundnut and cereals pricing policy, and bank credit to small and medium enterprises.

### **The ESF-V program was subject to:**

- a review by a GAO team in 1987;
- an independent evaluation in 1989; and
- a RIG audit in 1991-1992.

The conclusions and recommendations of these reviews and audit are provided in Annexes A, B and C.

This Program <sup>Assistance</sup> Completion Report (PACR) presents the status of the activity at the Program <sup>Assistance</sup> Completion Date (PACD).

## I. Program background

Senegal's structural adjustment program was set out in December 1984 in the Medium and Long Term Action Plan (1984-1992), which incorporated the April 1984 New Agricultural Policy.

It was subsequently amplified by the Agricultural Policy statement and the Cereals Plan submitted to the donors meeting on the Agricultural Sector in June 1986. A Policy Framework Paper (PFP) dated September 1986 was prepared by the GOS in conjunction with the World Bank and the IMF as the basis for the first IMF structural adjustment facility to Senegal. The PFP incorporated a set of supply-side and demand management policies designed to alleviate the macroeconomic and structural problems in the economy, there by promoting balance of payments adjustment and economic growth.

The PFP covered the following areas:

- the GOS public investment program;
- agricultural policy;
- industrial policy;
- energy policy;
- fiscal policy;
- parapublic sector reform;
- monetary & credit policy;
- external debt management.

In the agriculture sector the PFP encompassed two key strategies: (a) the promotion of private sector initiative through appropriate pricing and other incentive policies and (b) a progressive withdrawal of the government and public agencies from direct involvement in production activities.

It was in that context that USAID formulated a multi-year ESF program including ESF IV, V, and VI which focussed on agriculture sector policy reforms.

## II. Program description

The purpose of ESF V was to assist the GOS to attain economic growth and maintain stability while promoting a package of structural adjustment measures related to cereals policy and the reduction of price subsidies arising from GOS commitments to support agro-industry. The major objectives identified under ESF V

were: improving policy reform management, damping imported rice consumption, reducing agriculture sector deficits, and encouraging private sector industry.

#### **A. Improving Policy Reform Management**

ESF V conditionality called for the establishment of a procedure for holding quarterly meetings between USAID/Senegal and concerned ministries of the GOS to discuss (1) progress on agricultural reform and other aspects of structural adjustment and (2) the status of analyses and decisions related to structural adjustment measures proposed or being implemented.

#### **B. Damping Imported Rice Consumption**

ESF V conditionality called for a study of measures to reduce rice imports which would examine, inter alia, (1) options for setting the domestic price of rice reflecting a 25 percent level of protection for locally-produced grains (millet, sorghum, maize, cowpeas), (2) measures for reducing domestic consumption as called for in the GOS Cereals Plan, and (3) a fiscal mechanism for replacing the perequation on imported rice.

Another consideration in rice policy was the partial privatization of rice imports.

#### **C. Reducing Agriculture Sector Deficits**

ESF V conditionality called for several actions related to reducing agriculture sector deficits borne by the GOS:

- the GOS was to confirm that SONACOS, the oil crushing company, was actively attempting to collect from farmers the peanut seed credit issued during the crop year 1986/87 and would provide a status report on payments to-date;
- the GOS was to undertake a study on producer price relationships between cereals and peanuts, which would also look at price differentials between Senegal and the Gambia;
- the GOS was to confirm initiation of an audit of SONACOS (proposed by the World Bank) and later to provide USAID with a progress report on the results; and
- the GOS was to undertake an audit of the CSS, the sugar company.

#### **D. Encouraging Private Sector Agro-Industry**

The GOS was (1) to commission a study on the constraints limiting the effectiveness of the banking system in support of small scale,

enterprises and (2) to confirm its intention to remove such constraints.

### III. Program outputs

A. Conditions precedent to release of the first tranche, which was effected on June 26, 1987, were fulfilled as follows:

1. **Improving Economic Policy Reform Management:** The grantee will provide confirmation that a procedure is in place for holding quarterly meetings between USAID and the concerned Ministries of the GOS to discuss various aspects of structural reform.

Action taken: An initial meeting of the USAID-GOS working group on policy reform was held in March 1987. A second, informal, meeting was held in May 1987.

2. **Damping Imported Rice Consumption:** The grantee will provide the terms of reference for a study of measures to reduce rice imports.

Action taken: Terms of reference for a study of measures to reduce rice imports and definition of a fiscal mechanism for replacing the rice price perequation system were agreed upon in March 1987.

3. **Reducing Agricultural Sector Deficits:**

(a) The grantee will confirm that SONACOS is actively attempting to collect from farmers the peanut seed credit issued during crop year 1986/87 and will provide a status report on payments to date.

Action taken: the Minister of Rural Development reported to the interministerial council in May 1987 that the seed credit was entirely reimbursed in 1987, for the first time since independence.

(b) The grantee will agree to undertake a study on producer price relationships between cereals and peanuts. Such a study will also examine price differentials between Senegal and the Gambia.

Action taken: Terms of reference were agreed upon for two separate studies: (1) implications for cereals policy of adjusting the producer price of peanuts to world prices and (2) harmonization of the producer price for peanuts and the consumer price of rice between Senegal and the Gambia.

(c) The grantee will confirm that an audit of SONACOS has been initiated.

Action taken: The SONACOS audit, which was to be financed by the World Bank, was initiated in the spring of 1987, but it was delayed because of disagreements over the terms of reference. Finally, the French Caisse Centrale de Cooperation Economique (CCCE) agreed to finance the audit, but made further changes in the terms of reference for the audit. USAID amended this condition in Amendment No. 1 to the Grant Agreement to take account of the change in the timetable.

(d) The grantee will agree to undertake an audit of the Compagnie Sucrière du Sénégal (CCS).

Action taken: An audit-study of the CSS was commissioned by the CPSP from Louis Berger International Inc, in collaboration with Arthur Young (France). The GOS also commissioned a further study of the sugar sector by Arthur D. Little.

4. **Encouraging Private Sector Agro-Industry:** The grantee will provide the terms of reference of a study on the constraints limiting the effectiveness of the banking system in support of small scale enterprises (SMES).

Action taken: Terms of reference for such a study were established and agreed upon in March 1987.

B. Conditions precedent to release of the second tranche, which was requested on December 15, 1987 and effected on December 31, 1987, were fulfilled as follows:

1. **Improving Economic Policy Reform Management:** USAID will determine that the procedure for holding quarterly meetings between USAID and the GOS on progress on structural adjustment is functioning satisfactorily.

Action taken: Meetings of the USAID-GOS working group on policy reform took place on October 21, 1987, December 19, 1987 and January 6, 1988.

2. **Damping Imported Rice Consumption:** The grantee will provide a draft acceptable to USAID of the study on measures to reduce rice imports, and a timetable for establishing a plan of action for achieving that end.

Action taken: A study on "Measures to reduce rice imports and definition of a fiscal mechanism to replace the rice price perequation system" was contracted with a Senegalese consultant, Fallou Diéye. The report was delivered in November 1987.

**3. Reducing Agricultural Sector Deficits:**

(a) The grantee will provide evidence that the crop year 1986/87 peanut seed credit has either been repaid by the farmers or absorbed by SONACOS.

Action taken: The council of ministers repeated the announcement that for the first time since independence, 100 percent of the peanut seed credit was reimbursed by the farmers (in fact, by the cooperatives). The announcement was made in a communique published in the official newspaper Le Soleil on 11/28/87.

(b) The Grantee will provide a substantive progress report satisfactory to USAID on the study on producer price relationships between cereals and peanuts.

Action taken: A study on "Implications for cereals policy of adjusting the producer price of peanuts to world prices" was contracted with a Senegalese consultant, Papa Sall. A report was delivered in November 1987.

In the meantime, a study on "Agricultural Prices and Incentives" was commissioned from a French consulting group by the World Bank and the French CCCE. The report was completed in December 1987.

(e) The grantee will provide a substantive progress report on the SONACOS audit.

Action taken: because of the delays in funding of the SONACOS audit described above, the audit was not contracted for by the French CCCE and the World Bank. The terms of reference were provided to USAID.

This condition was amended in amendment No. 1 to the Grant agreement to take account of the change in the timetable.

(d) The grantee will provide a substantive progress report on the CSS audit.

Action taken: The complete report, dated June 1987, of the Louis Berger International Inc. study of the sugar sector commissioned by the CPSP was provided to USAID.

In addition, the GOS commissioned a further audit to be carried out by Arthur D. Little Inc.

**4. Encouraging Private Sector Agro-Industry:** The Grantee will provide a summary satisfactory to USAID of the interim results of

the study of constraints on the banking system for channelling credit to small scale enterprises, and will confirm its intentions to remove such constraints.

Action taken: A study on "Constraints on the Senegalese banking system limiting credit to small scale enterprises" was contracted from a Senegalese consultant, Charbel Zarour. A 150-page report was delivered in November 1987. The recommendations made in the report include (a) greater flexibility on the part of the BCEAO in applying counter-productive "preferential" interest rates to small scale enterprises, (b) a more active policy on the part of the banks to mobilize private savings, and (c) the creation of mutual credit societies by small scale enterprises.

This condition was amended in Amendment No. 1 to the Grant Agreement to take account of the inclusion of the question of constraints on bank credit to small enterprises in the wider discussions of banking sector reform.

**C. Special Covenant on Damping Imported Rice Consumption:** The Grantee will adhere to the current timetable for privatization of rice imports, namely that the private sector will be responsible for twenty-five (25) percent of rice imports for the period of December 1, 1986 through November 30, 1987, and for the entire quantity of commercial imports for the period of December 1, 1988 through November 30, 1988, except for CPSP imports for managing the security stock of 60,000 MT.

Action taken: the GOS allotted responsibility to the private sector for importing 85,000 MT of rice (three months' supply) during the period March - June 1987. A joint GOS-donor committee evaluating the March-June 1987 experiment with private sector imports of rice recommended a one-year postponement of further attempts to privatize rice imports, during which period the CPSP would have a sole responsibility for importing rice into Senegal. Therefore, the price perequation system would be continued at least until end-November 1988. The spokesman for the donors at the last meeting of the evaluation committee held in August 1987 was the World Bank representative.

This special covenant was amended in Amendment No. 1 to the Grant Agreement of take account of the one-year suspension of privatization of rice imports.

In the meantime, no decision had been taken by the World Bank as to its position on what it would recommend for the next year. USAID/Senegal, therefore, issued an Amendment No. 2 to the Grant Agreement to delete the special covenant on rice imports.

#### IV. Program Inputs

##### A. Cash grant disbursement

The disbursement of the \$6.0 million first tranche of the cash transfer was effected on 6/26/87; CFAF 1.8 billion in counterpart funds was released from the GOS ESF Special Account to reimburse GOS payments of arrears to private sector enterprises. (PIL N°.0289-02).

The disbursement of the \$5,075,000 second tranche of the cash transfer was effected on 12/31/87; CFAF 1.5 billion in counterpart funds was used to reimburse GOS payments of arrears to private sector enterprises (PIL N°. 0289-04).

##### B. Other studies

In addition to the four studies commissioned in support of fulfilling conditions precedent and covenants of ESF V, the following studies were undertaken:

1. two studies on the banking sector including a review of the banking sector, and a feasibility study for a deposit insurance scheme in Senegal; findings and recommendations of both reports were incorporated as an input to the preparation of USAID/Senegal's AEPRP-II program (685-0296).

2. two studies on ONCAD debt. At the request of the GOS two studies were carried out in 1988 and 1992 respectively by the consultant Charbel Zarour and the auditing firm A.Dièye to assess the ONCAD debt. The latest report on this issue was completed by A. Dièye in July 1993 and is being used as a basis for discussions between the GOS and commercial banks to reach a final agreement on GOS liabilities to these banks.

3. a study on crop marketing credit. The study was conducted in 1998 to identify the difficulties encountered by Senegal's banking system in financing crop credits.

##### C. Technical Assistance

The original PACD of ESF-V was extended to June 1993; an amount of \$266,104 was used to partially fund the services of an agricultural development advisor, to pursue program-related agriculture sector analyses.

#### V. Lessons Learned

##### A. Principal Successes of ESF V

1. The policy dialogue with the GOS was valuable; the quarterly meetings were used to broaden the range of policy discussion beyond its initial focus on cereals policy and related agricultural policy issues, to encompass other aspects of the GOS/World Bank/IMF Policy Framework Paper (FPF).

2. Agriculture sector deficits were reduced; farmers fully repaid the 1986/87 peanut seed credit. The CSS agreed to termination of its current claims to subsidies from the CPSP as of October 31, 1987. More transparency was also introduced in CPSP contracting procedures with the private wheat millers.

3. The studies contracted under ESF V were useful; officials of the GOS Ministry of Finance and Ministry of Rural Development were closely involved in the preparation of the scopes of work and in contracting them out. The conclusions and recommendations were incorporated into GOS policy papers.

4. The cash transfers had a positive impact on the GOS budget; the local currency was used to reimburse GOS arrears owed to the private sector, and helped the GOS meet IMF performance criteria.

#### B. Principal Shortcomings of ESF V

1. ESF V was not successful in reducing rice imports. The program did not contribute to resolving the conflicting aims of GOS rice policy: protection of the coarse grains market, increasing imported rice perequation, equitable access to rice throughout the country, and reducing rice smuggling from the Gambia.

2. ESF V was not successful in the partial privatization of rice imports. The bidders had to demonstrate some capacity to fulfil their contracts and to provide a guaranty from a commercial bank which would issue a short term loan to prepay the perequation to the CPSP at the fixed date. Of the four bidders, only one turned out to have a viable bank guaranty. The other banks, because of their general state of illiquidity, delayed payments to the CPSP when the guaranties were called. In November 1987, a joint donor-GOS committee reviewing the March/June 1987 experiment with private sector imports of rice recommended postponement of further attempts to privatize rice imports until better procedures could be worked out.

3. ESF V was not successful in resolving the specific problems of credit to small and medium size enterprises. USAID and the GOS were overtaken by the crisis of the banking sector, and it became evident that solution of the specific problems of credit to small and medium enterprises needed to be tied to resolution of larger issues of banking sector liquidity.

## Annex A

### GAO Review of ESF Assistance to Senegal

At the request of the U.S. Congress, a GAO team consisting of two members, D. Groves and H. Tyner, visited Senegal in August 1987 to conduct a review of ESF assistance to Senegal. The review focussed on (1) AID's use of policy dialogue, (2) AID's use of conditionality to achieve economic reforms, (3) AID's use of controls over ESF funds and (4) the effectiveness of ESF as instrument of economic development.

The GAO exit paper is available in PRM Files.

The main conclusions of the review concerning ESF-V are:

#### 1. AID's use of conditionality

The GOS has complied with the conditionality associated with the first tranche of ESF-V. This conditionality focused on studies that the GOS agreed to undertake. The conditionality for the second tranche of ESF-V focuses on the adequacy of the actual studies that were conducted by the GOS.

There were differences between ESF-IV and ESF-V. ESF-IV conditionality is detailed and dependent equally on conditions precedent and special covenants to move the policy dialogue process along. ESF-V conditionality is far less detailed and almost completely depends on conditions precedents for what it wants to accomplish. More importantly, the GAO report points out that ESF-IV sets out the exact steps for policy reform in a rigid manner while ESF-V is more a process than a program. For example, ESF-V relies on studies and audits which seek to put the GOS in the position of gathering additional information and formulating an action plan.

The Mission Director, USAID/Senegal, agreed that the changes between ESF-IV and ESF-V represented some important lessons learned such as (1) the reform process is too complex to plot out in detail ahead of time the exact measures to be taken, (2) the environment for policy reform changes at such a rate that a policy measure that made sense today can be superseded by events, (3) to meet the complexity of the reform process and its changing environment, studies can be used to gather data and analyze policy options and (4) the provisions in the second tranche of ESF-V to take actions based upon the studies secure a GOS commitment to move the policy reform process forward in those areas.

#### 2. Control over local currency withdrawals

USAID/Senegal's controls over local currency withdrawals were found to be inadequate because the GOS had been able to make withdrawals

without the Mission's knowledge or approval. This occurred even though the Grant Agreements for ESF-IV, ESF-V and AEPRP-I stated that funds would not be withdrawn from the local currency account until (1) USAID/Senegal and the GOS had mutually agreed on their use and (2) the Mission Director, USAID/Senegal, had sent written approval to release the funds to the bank.

### 3. Donor Coordination

The GAO team found that coordination among the major donors (IMF, World Bank, France and the U.S.) was generally pretty close. According to USAID/Senegal, the major lines of the structural reforms undertaken by the GOS since 1984 were worked out jointly with the donors. These reforms included (1) reform of the Price Equalization and Stabilization Fund (CPSP), (2) reduction of the role of the State and the parastatals in the agriculture sector and (3) progressive disengagement of the State from commercial productive activity.

Conditionality attached to donor aid is generally consistent among the donors. Where special commercial interests are involved, however, donor views tend to diverge. For example, the IMF and USAID/Senegal are concerned about eliminating the large subsidies accruing to the Compagnie Sucrière Senegalaise (CSS), the French-owned monopoly sugar company. Also, because of the costs to French-owned companies, France's support for the New Industrial Policy may be faltering.

## Annex B

### Evaluation

#### Conclusions, Lessons Learned and Recommendations

This evaluation of ESF IV and ESF V including field observation and assessment was conducted in Dakar, from July 4 to July 29, 1989, by John H. Huber, consultant in cooperation with USAID/Senegal.

##### A. Conclusions and Lessons learned

1. The program has been successful as a vehicle for a formal periodic GOS-USAID dialogue on policy reforms and structural adjustment in the areas selected for special USAID attention.
2. The program has been successful in bringing about policy reforms in areas where the political consequences for the GOS were considered to be tolerable. This applied especially to the conditionality for clearing up arrears owed to the GOS.
3. The program has been successful in introducing reforms in the operations of such GOS entities as CPSP and SONACOS, and in reducing the costs to the GOS associated with such private companies as GMD and CSS.
4. The program has not been successful in bringing about reforms where the GOS felt that its strategic interests were threatened or where it was not convinced that the alternatives to the existing system would provide it with predictable benefits. This was the case primarily with the conditionality to eliminate the rice price compensation system.
5. The studies associated with the program have been pertinent to important policy issues for the GOS and, together with the policy dialogue, helped to set policy reforms in so far as the GOS has acted to date on the recommendations.
6. Program management has been smooth and efficient. Documentation throughout implementation has flowed without difficulty.
7. The dollar deposits from program disbursements have contributed to reducing Senegal's deficit in its foreign exchange operations account with the BCEAO and eventually accrued to the franc zone reserves.
8. The counterpart funds in CFAF have helped the GOS reach its fiscal targets, as agreed with the IMF, through USAID's help in paying off arrears to the private sector. However, there is no evidence of employment generation.

9. In general, the program has operated in the way it was designed and has achieved most of its objectives.
10. The evaluation's contention is that the effect of budget support--from the ESF program World Bank SALs, CCCE credits, or budget contributions from other donors--has been the opposite of that desired. Such budget support has made it easier for the GOS to avoid or postpone certain policy reforms considered essential by the donors, such as reducing the number of civil servants, many of whom are no longer needed in a liberalized economic environment. It has permitted the GOS to pay lip service to privatization of loss-making state enterprises in the industrial and commercial sector rather than to pursue an aggressive divestiture program. From this point of view, the ESF program has hindered rather than fostered the implementation of policy reform.
11. The fixed link between the CFAF and the French franc is likely to be severed within about five years. This will mean a CFAF devaluation against major world trading currencies of about 50 percent. Such a devaluation would be beneficial for exports and would discourage imports. It would have to be accompanied by a series of measures, such as a reduction in import duties, perhaps an export tax, and temporary domestic wage and price control measures. Most importantly it would have major repercussions on the GOS budget. It is likely that the level of budget support available to Senegal from abroad would be reduced. This means that the GOS will have to live within its own income, that is, eliminate its operating budget deficit. To accomplish this it will have to reduce public employment. The creation of new jobs in the private sector, therefore, has to become the principal means to safeguard Senegal's democratic system. The most promising areas for employment expansion are in the creation of small and medium-sized enterprises for the processing and transformation of agricultural products and the manufacture of goods for the domestic and export markets. To prepare for this transition, consideration should be given to redirecting the use of ESF counterpart funds to support employment creation in the private sector and discontinuing their use for GOS budget support.

#### B. Recommendations

1. Budget support with payment of GOS arrears to the private sector should be discontinued in view of the observed counterproductiveness of structural reforms, notably related to public employment.
2. These funds should be utilized directly for job creation in the private sector to help the GOS meet its objectives of fostering a productive private enterprise economy.

3. If ESF counterpart funds can be utilized only for GOS budget support, this program should be terminated in favor of project assistance in direct support of employment creation.
4. The "GOS-USAID Working Group on Policy Reform" should be continued independently of any direct budget support to the GOS. (It is hard to imagine that this working group depends on direct budget support, otherwise it would seem that USAID was having "to buy" this relationship.) There is no factor in the special U.S. interests in Senegal that would appear to be adversely affected by the proposed shift in counterpart allocation.
5. Among ongoing USAID activities in support of employment creation, Project N°.685-0260, Community and Enterprise Development, would seem to be particularly well-suited for this purpose with its provision of credit at market interest rates to village organizations and small-scale entrepreneurs. With its recovery rate of 97 percent, as reported in July 1988, this program promises to be a real factor in employment creation rather than the assumed, but undocumented, one resulting from the repayment of GOS debts to existing private enterprises. The reported high cost of administration of this program presumably can be reduced over time with national coverage and an expansion of its lending volume. If it is as successful as it now promises to be, it could over the years even become self-supporting. In contrast, the need for budget support never ceases.

Annex C

RIG Audit of AID's Economic Support Fund and African Economic Policy Reform in Senegal

The office of the Regional Inspector General for Audit in Dakar audited USAID's ESF-V, ESF-VI, ESF-VII and AEPRP-II programs from March 29, 1991 to Nov.14 1991.

Below is the summary of RIG observations and USAID/Senegal responses regarding these ESF-V CPs singled out by the Regional Inspector General.

A. RIG observations

CP 2.4.B Requiring the GOS to submit a timetable for establishing a plan of action for reducing rice imports was certified as met by USAID/Senegal without documenting any evidence that the CP had been met.

CP 2.3.c.1 Requiring the GOS to present a status report on payments of peanut seed collections was certified as met by USAID/Senegal without documenting any evidence that the CP had been met.

CP 2.3.c.3 Requiring the GOS to have started an audit on SONACOS was certified as met by USAID/Senegal without documenting any evidence that the CP had been met.

CP 2.3.c.4. Requiring the GOS to have agreed to undertake an audit of CSS was certified as met by USAID without documenting any evidence that the CP had been met.

B. USAID responses

CP 2.4.B USAID/Senegal and the GOS agreed to undertake a study to promote locally produced cereals and establish an action plan for reducing rice imports. That study was funded by USAID. It did not provide a formal action plan, but gave various options for promoting local cereals and reducing rice imports. This study was made available to RIG.

CP 2.3.c.1

The report prepared for the attention of the Interministerial Council on agricultural issues held on April 30, 1987 provided data showing that credit for peanut seed had been fully reimbursed. This evidence was made available to RIG.

CP 2.3 c.3

The SONACOS audit which was to be funded by the World Bank was delayed, because of disagreements with the GOS on the terms of reference. The audit was finally funded by the french CCCE. The disbursement was made based upon the availability of the terms of reference. The terms of reference as well as the final report of the audit were made available to RIG.

CP 2.3. c.4

The GOS gave verbally its agreement to USAID in the context of a meeting of the policy dialogue committee established to jointly discuss and monitor policy reform progress. A copy of the study completed in December 1987 was made available to RIG.

In conclusion data provided by USAID/Senegal supports the following:

CP 2.3.c.1 is documented

CP 2.4.B is documented

CPS 2.3.c.3 and 2.3.C.4 could have been better documented.

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