I. Project Context

Country Context

Despite clear progress over the past decade, most MDGs will be difficult to achieve. Achievement of the first MDG on halving poverty is unlikely and significant challenges remain in terms of poverty, malnutrition, health and education. The latest poverty estimate gives the incidence of poverty at 46.7 percent of the population in 2011. From 1994 to 2005, GDP growth was around 4.6 percent per year, and poverty rates fell significantly, from 68 percent in 1994/95 to 48.5 percent in 2005. However, since 2005-06, repeated shocks have contributed to reducing per capita income growth to little more than the rate of population growth. Poverty only slightly decreased over the next 5 years, and reached 46.7 percent in 2011. Poverty remains concentrated in rural areas with a rate of 57 percent in 2011, more than twice the rate of 26 percent experienced in urban Dakar. Poverty is associated with low education and large families. In 2011, 83 percent of the poor live in households with a non-educated head. Moreover, while 18 percent of households with less than 5 members are poor, this number is 60.8 percent for households with 20 members or more. Inequality remains moderate and has not worsened recently, but geographical disparities are pronounced and remain broadly unchanged.

Successive shocks have undermined growth, and many households remain highly vulnerable to idiosyncratic and exogenous (economic) shocks. Idiosyncratic shocks such as illness or death of the
breadwinner affect up to one-third of households every year. And over half of households do not have specific coping mechanisms in place to mitigate the impact of such shocks. As a result, almost a quarter of households report tapping into savings in response to a shock, specifically in cases of health shocks (illness or death) and business failure. Households also frequently respond by selling assets, which can lock them into long-term poverty. Support from family members, both within and outside the country, provides a response to only a quarter of the experienced shocks. Exogenous economic shocks, such as rising prices or the global economic recession, have affected Senegal in a significant way, partly due to its small, open economy. Indeed, Senegal imports all its oil (which powers most of its electricity), 80 percent of its rice, and almost all its wheat. As an example, in 2007-2008, the price of rice in local markets tripled while the price of grain increased by 50 percent, and the price of other staples rose by an average of 30 percent.

There have been improvements in terms of nutrition, with stunting down to 16 percent and acute malnutrition at 9 percent among children. Recent estimates suggest high prevalence of children with low birth weights (UNICEF data suggest that 18 percent of infants are born with low birth weight). Anemia is also observed in 76 percent of children under the age of five, 58.6 percent of non-pregnant and non-lactating women, and 61 percent of pregnant women, while 25 percent of children under five are vitamin A deficient. Despite good coverage of primary schools around the country, around 1.6 million children are estimated to be currently out of school. Regional disparities in access and overall low quality of basic social services also remain a serious concern in. In education, the primary gross enrollment rate is around 80-85 percent on average, with rates ranging from less than 57 percent in some regions to more than 100 percent in Dakar. It will be very difficult to reach the MDG on the primary school completion rate, given the high level of repetition and dropout rates. In the health sector, little progress has been made on improving to maternal mortality, which remains high at 392 for 100,000 births. The rate of births assisted by trained personnel has increased from 52 percent in 2005 to 65 percent in 2010, but remains low by international standards and is particularly low for the poorest (only 30 percent among the poorest). Immunization rates have not increased substantially, and neonatal mortality is still high around 36 per thousand in 2010. While Senegal is likely to achieve the under-five-year child mortality MDG, it will likely miss the maternal mortality MDG.

**Sectoral and institutional Context**

The Government has had to respond to multiple covariate shocks over the last decade, including, of note, the drought in 2002-2003 and the economic crisis of 2008-2009. In terms of natural disaster, historically the Government of Senegal has historically responded directly to drought with financial support to farmers as well as general assistance to the rural population. Using interest rate subsidies and debt forgiveness as a response to weather-related shocks suffers from several drawbacks, as it is often poorly targeted, benefitting larger rural producer and those able to participate in the formal credit system. The Government responded to the fuel and food price hikes with a series of fiscal measures, including subsidies on basic foodstuffs (rice, wheat, and milk), butane/natural gas and electricity. This quick response proved very expensive, absorbing 2.4 percent of GDP, or one-tenth of all spending in 2008. Also, the bulk of benefits went to the non-poor, with, for example, only one-third of water or electricity subsidies beneficiaries being poor and only 7 or 8 percent in the poorest quintile. The strong majority of beneficiaries of both subsidies were urban dwellers.

As of 2011, a dozen social safety net programs were in place in Senegal, ranging school lunches, food assistance, and targeted support to the elderly and disabled, to two pilot conditional cash
transfer programs. While social protection programs have been growing in Senegal, progress has been insufficient to effectively protect the poor or respond to shocks. The main challenges to overcome in terms of social safety nets in Senegal are: (a) The limited coverage of existing programs: the 12 core programs amount to a total of about 0.3 percent of GDP. About 4 million people are estimated to receive some type of assistance each year, but food distribution and school lunches account for about 97 percent of these beneficiaries, and neither screen beneficiaries based on need; (b) the multiplicity of targeting criteria: programs use a variety of targeting mechanisms, with a predominance of categorical targeting. Categorical is often reinforced by prioritization of certain geographical areas and confirmed through community-based mechanisms. The performance of these targeting systems is mixed; (c) the absence of coordination mechanism and the institutional dispersion of programs: Overall, safety net programs tended to be highly fragmented, lack coordination, and were not adapted to respond rapidly to shocks. There has been a history of institutional instability, with frequent reconfigurations of ministries and shifting of departments or programs between ministries, which has hampered developing coherent programming.

The lack of an overall social safety net system, which would provide tools and instruments for targeting and coordinating, and the limited scope of most programs, result in the inability of the Government to effectively address the needs of the vulnerable and its inability to scale up interventions. Overall, these limitations place Senegal’s system relatively low compared to some neighboring countries. But Senegal has significant potential, because of its existing administrative and implementation capacity at all levels of Government, the political will of its leaders, and the motivation of the sector’s actors and partners to build a coordinated system.

At the heart of its development strategy, the Government has decided to develop a system of social safety net programs that address chronic poverty as well as those vulnerable to shocks. This is at the heart of the National Strategy for Economic and Social Development (Stratégie Nationale de Développement Économique et Social, SNDES) for the period 2013–2017, which is articulated around three pillars: (i) growth, productivity, and wealth creation; (ii) human capital, social protection and sustainable development and; (iii) governance, institutions, peace, and security. In her October 2013 Déclaration de Politique Générale, the Prime Minister started her presentation of the Government’s policy orientations with social policies and the fight against vulnerability with a particular focus on improvements in access to (and quality of) basic social services, the expansion of the conditional cash transfer program, universal health insurance coverage, support to the vulnerable, and programs to promote employment and job creation.

In this context, the Government has put in place a Social Protection Delegation (Délégation Générale à la Protection Sociale et à la Solidarité Nationale, DGPSN), reporting directly to the President and in charge of setting up a social protection system, that would ensure coordination and shared instruments for social protection interventions. The DGPSN is working in close collaboration with all key actors, assembled under the Steering Committee for the implementation of the recently adopted National Social Protection Strategy. These include the Ministries of Finance; Education; Health; Women, Family, Food Security, Female Entrepreneurship, Micro-Finance and Early Childhood; and the Unit in charge of Malnutrition Eradication. The Government has also launched the Conditional Cash Transfer program (Programme National de Bourses de Sécurité Familiale, PNBSF). This program is also providing the basis for the definition of tools and instruments (for targeting, registry, payment and monitoring and evaluation) that will be used by all other social safety nets in the country.
The technical and financial development partners played an important role in supporting the Government in the definition of its social protection strategy, and in the design and implementation of its core programs. Among multilateral partners, UNICEF, UNDP, the ILO, and the WFP were particularly critical in accompanying the government in its efforts; some bilateral partners were also instrumental in the process. Development partners have endorsed the national strategy and committed to aligning their support under the leadership of the government. A thematic group provides the space for coordination.

The proposed Project aims to support the significant effort that the Government of Senegal is deploying to effectively set up the Social Safety Net System (SSNS) and the implementation of the PNBSF. The agenda is ambitious – creating the tools for a coherent system that can integrate interventions – but it has the potential to significantly transform the sector and its impact on the vulnerable. The effort will be a long-term endeavor, and this Project would support the first phase of a longer term plan to improve coordination, integration, and effectiveness of social safety nets in the country. As the first phase of multiple operations, the Project would concentrate on key foundations, namely the establishment of basic building blocks of the overall system (unique registry and management information system), the establishment of a clear and transparent targeting process, and the implementation of a targeted conditional cash transfers program for the investment in the human capital of children and the elderly.

II. Proposed Development Objectives
The development objectives of the proposed Project are to support the establishment of building blocks for the social safety net system and to provide targeted cash transfers to poor and vulnerable households.

III. Project Description
Component Name
Component 1: Support to the establishment of building blocks for the Social Safety Net System
Comments (optional)

Component Name
Component 2: Provision of targeted cash transfers to poor and vulnerable households
Comments (optional)

IV. Financing (in USD Million)

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V. Implementation

VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

World Bank
Contact: Aline Coudouel
Title: Lead Social Protection Specialist
Tel: 473-3495
Email: acoudouel@worldbank.org

Borrower/Client/Recipient
Name: Government of Senegal
Contact: Atoumane Faye
Title: Dr.
Tel: 221-708027929
Email: urbasta2005@yahoo.fr

Implementing Agencies
Name: Minister of Finance
Contact:
Title:
Tel:
Email:
VIII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop