

17 Septembre 2018

Prepared by: RDGW/AHHD/AHAID/COSN/PGCL

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BOARD APPROVAL
Lapse-of-time Procedure

17 September 2018

FOR INFORMATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : SENEGAL - PROJECT FOR SUPPORT TO SKILLS DEVELOPMENT AND YOUTH ENTREPRENEURSHIP IN GROWTH SECTORS*

ADF LOAN OF UA 14 MILLION

The Loan **Proposal** and the draft **Resolution** related to the above-mentioned project, were submitted for **your consideration on a Lapse-of-time Basis**, on 14 August 2018.

Since no objection was recorded by 5:00 pm on 17 September 2018, the Proposal is considered as **approved** and the Resolution **adopted**.

Attach:

Cc: The President

*Questions on this document should be referred to:

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AFRICAN DEVELOPMENT FUND



PROJECT FOR SUPPORT TO SKILLS DEVELOPMENT AND YOUTH ENTREPRENEURSHIP IN GROWTH SECTORS

COUNTRY: REPUBLIC OF SENEGAL

APPRAISAL REPORT

Date: July 2018

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AFRICAN DEVELOPMENT FUND



SENEGAL

PROJECT FOR SUPPORT TO SKILLS DEVELOPMENT AND YOUTH ENTREPRENEURSHIP IN GROWTH SECTORS

RDGW/AHHD/AHAID/COSN DEPARTMENTS

September 2018

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Currency Equivalents

(May 2018)

Currency Unit =	CFAF		
UA 1	=	CFAF	780.950
UA 1	=	USD	1.43806
UA 1	=	EUR	1.19055

Fiscal Year

1 January– 31 December

Weights and Measures

1 metric tonne =	=	2 204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometre (km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADEPME	:	Small and Medium-sized Enterprises Development Agency
ADF	:	African Development Fund
AFD	:	French Development Agency
AfDB	:	African Development Bank
AGS	:	Accelerated Growth Strategy
BMN	:	Upgrading Office Bureau
CCPTF	:	Technical and Financial Partners' Consultative Committee
CNPM	:	National Employers' Council
COSN	:	Senegal Country Office (of the AfDB)
CSP	:	Country Strategy Paper
DCEF	:	Directorate for Economic and Financial Cooperation
DIID	:	Inclusive Sustainable Industrial Development
ESP	:	Emerging Senegal Plan
EU	:	European Union
ICP	:	Indicative Cooperation Programme (LuxDevembourg Co-operation)
IFAD	:	International Fund for Agricultural Development
IITA	:	International Institute of Tropical Agriculture
IsDB	:	Islamic Development Bank
ITA	:	Institute of Food Technology
MAER	:	Ministry of Agriculture and Rural Equipment
MESRI	:	Ministry of Higher Education and Research and Innovation
MFPAA	:	Ministry of Vocational Training, Apprenticeship and Handicrafts Crafts
MIPM	:	Ministry of Industry and Small and Medium-sized Industries
PAPEJF	:	Project to Support the Promotion of Employment for Youth and Women
PIU	:	Project Implementation Unit
PPF	:	Project Preparation Facility
PRACAS	:	Programme to Accelerate the Pace of Agriculture in Senegal
PSEJ	:	Senegalese Youth Employment Programme
SME/SMI	:	Small and Medium-sized Enterprises/Small and Medium-Sized Industries
TVT	:	Technical Vocational Training
UA	:	Unit of Account
UNIDO	:	United Nations Industrial Development Organization
USAID	:	United States Agency for International Development

Project Information Sheet

Client Information

BORROWER : Republic of Senegal

EXECUTING AGENCY Ministry of Vocational Training Apprenticeship and
and Handicrafts

Financing Plan

Source	Amount (UA)	Instrument
ADF (including PPF)	14,000,000 ¹	Loan
Government	1,600,000	Counterpart Funding
PPF Advance		
TOTAL COST	15,600,000	

Key Financial Information on ADF Loan

Loan currency: UA	UA 14 million
Interest type:	1% per year
Interest rate margin:	0.75 % per year
Commitment fee	0.50% per year
Undisbursed amount	
Other costs	N/A
Tenor:	Up to 30 years
Grace Period:	Up to 5 years
IRR : 33% ; NPV : 47 369 550 466 FCFA (baseline scenario at 10%)	

Timeframe –Main Milestones (expected)

Concept Note Approval	May 2018
Appraisal Report Approval	June 2018
Negotiations	July 2018
Project Approval	September 2018
Effectiveness	October 2018
Completion	December 2023

¹ Including the Project Preparation Advance (from PPF), amounting to UA 814,000

PROJECT SUMMARY

Project Overview

The aim of the Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors (PDCEJ) is to promote growth and employment by improving the quality of the workforce, the competitiveness of businesses and youth entrepreneurship in the growth sectors of industry and agriculture. At a cost of UA 15.60 million, the project is financed by an ADF loan of UA 14.00 million and Government counterpart funding of UA 1.60 million. The five-year project, designed and implemented in coordination with the private sector, will support the development of professional organizations in the targeted sectors with a view to improving the competitiveness and productivity of businesses in the sectors. Over the long term, the project will help to: (i) support 250 businesses in the hydrocarbon and gas, solar energy, agribusiness and hides and skins sub-sectors; (ii) train at least 2,000 youths, 50% of whom are women, in oil-related trades, who will be directly integrated into the businesses that have expressed those needs; (iii) provide skills training to more than 40,000 youths and women over the life of the project, to facilitate the professional integration of at least 35,000 youths and women (direct and indirect jobs); and (iv) incubate more than 3,000 youths and women, generating more than 700 start-ups offering at least 1,000 jobs. The project will establish a centre dedicated to training in oil-related trades, enabling the country to prepare to meet its anticipated needs in skilled workers for the oil economy. The establishment of the Ross-Béthio Plaza and the NGaye Meckhe Hides and Skins Training Centres will provide an integrated framework for actors of the rice processing and hides and skins value chains, respectively.

Needs Assessment

The project design is based on the national priorities set out in the Emerging Senegal Plan (PSE) and the results of specific feasibility studies. The vision for Senegal's emergence by 2035² focuses on the structural transformation of the national economy by consolidating the current drivers of growth (including agriculture and industry) and developing new sectors that create wealth, jobs and social inclusion, and that have strong export capacities and can attract investments. The study³ conducted by the National Vocational Training Authority (ONFP) on the human resources needs in priority sectors by 2025 and the feasibility study⁴ conducted by the Bank in preparation for the project, which are based on surveys of private and public enterprises, show that agricultural and industrial enterprises face a skills gap that hinders their competitiveness. By contributing to skills development and business support, the project will play a role in the emergence of a strong network of the small and medium-sized enterprises (SMEs) and small and medium-sized industries (SMIs) needed to achieve the objectives of the PSE.

Bank's Added Value

The project proposes a pragmatic approach based on the following three pillars: (i) meeting enterprises' medium- and long-term technical skill requirements; (ii) upgrading

² Emerging Senegal Plan 2014-2035.

³ National Vocational Training Authority: study on the need for skilled workers for priority sectors by 2025 (2015).

⁴ African Development Bank: Feasibility study for the Programme to Support Skills and Entrepreneurship for Youths and Women in the Growth Sectors of Agriculture and Agribusiness.

existing SMEs and SMIs; and (iii) developing entrepreneurship or self-employment for youths and women in growth sectors. These three pillars are based on public-private partnerships, which might take a number of forms, including partial financing, provision of industrial and logistical platforms, and participation in the development, implementation and evaluation of training. With regard to demand satisfaction, the businesses consulted are prepared to contribute to training for the skills they need, alongside the national vocational training system based on public-private partnership models. Support for new businesses is also a means of building national agricultural and industrial capacities. Based on data from the Bank and partners, businesses will be selected and supported as part of the project to help them grow and create jobs. Through the training and incubation of youths for the creation of businesses in growth sectors, the project will contribute to the emergence of young businesses that also offer employment opportunities.

The project's intervention in the hydrocarbons and hides and skins sectors, a first in Senegal's history, will strengthen the Bank's leadership role in the country's economic development, particularly in achieving the objectives of the PSE in these sectors.

Knowledge Building

The design process for this project provides the Bank with a source of knowledge on the implementation of a project aimed at strengthening and growing SMEs and SMIs through skills development and support. This is an experiment based on close coordination with private financial institutions, professional organizations, institutions and programmes supporting youth and women's entrepreneurship, the private sector and the Government. Lessons learned from this experiment and private-public partnership (PPP) models will build the Bank's knowledge base in this area and can help to improve operations in other contexts. Information about this experiment will be available to the public through the Bank's communication channels.

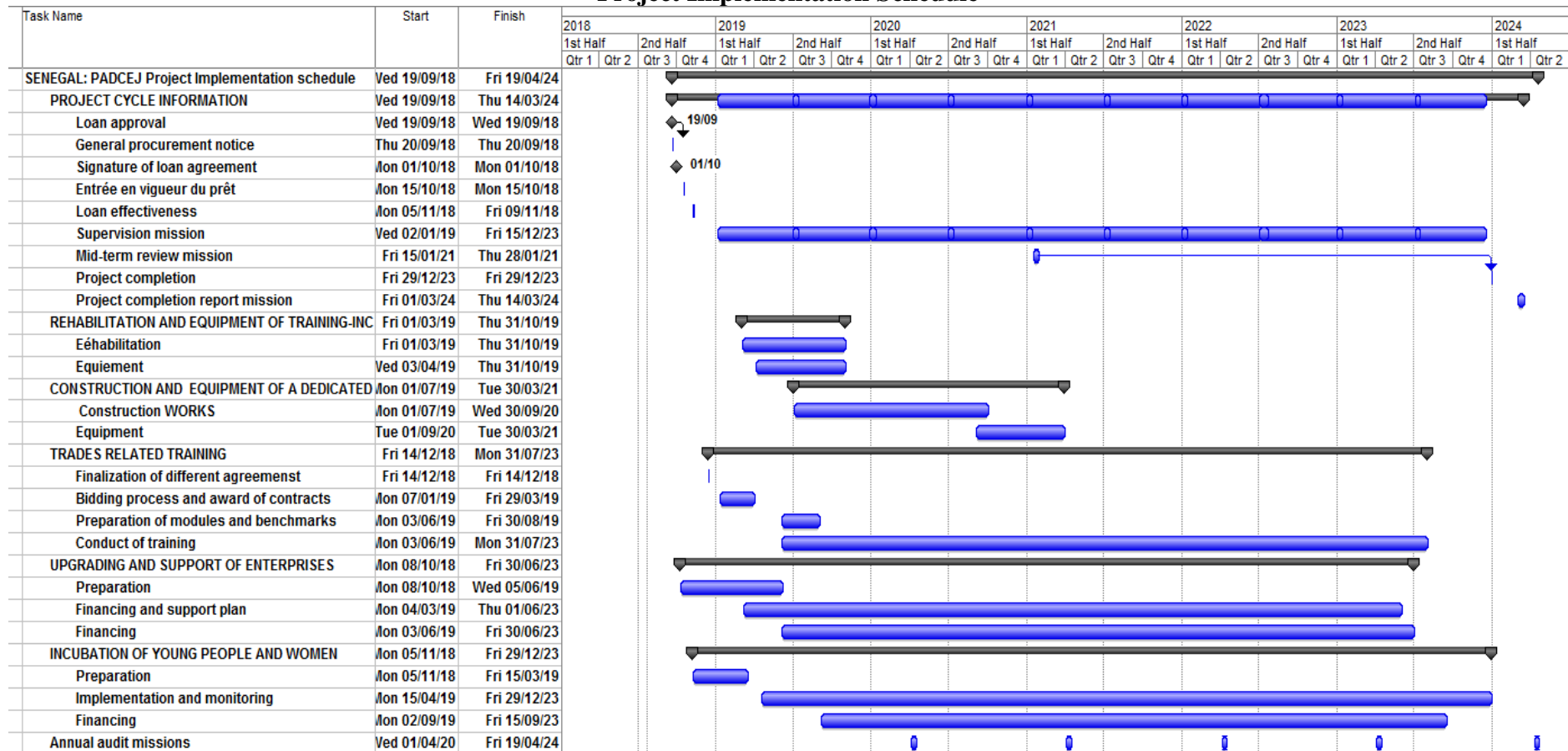
Senegal:PROJECT FOR SUPPORT TO SKILLS DEVELOPMENT AND YOUTH ENTREPRENEURSHIP IN GROWTH SECTORS
Results-Based Logical Framework

Republic of Senegal: Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors						
Project Goal: Contribute to growth and jobs by improving the quality of the workforce, business competitiveness and youth entrepreneurship in the growth sectorsgrowth of industry and agriculture						
RESULTS CHAIN		PERFORMANCE INDICATOR			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURE
		Indicator	Baseline Situation 2018	Target 2023		
IMPACT	Contribution to the creation of a critical mass of qualified, enterprising and productive young people and women in growth sub-sectors in the areas of agriculture and industry.	Rate of qualification of the workforce	15% in 2019	20% in 2023	ANSD Statistics	
		Contribution of the secondary sector to productivity	1.2% in 2018	2,5 % in 2023		
OUTCOMES	Outcome 1: Closer match between vocational training and skills needs in growth sectors	Percentage of successful project trainees able to find jobs 9 months after the training	N/A in 2018	80%, 50% of which women in 2023	ONFP study; Surveys; Official statistics	<u>Risk:</u> Difficulties in accessing employment after training <u>Mitigation:</u> Match training with actual needs
	Outcome 2: Strengthening existing SMEs and creating new SMEs in growth sectors	Number of enterprises upgraded and strengthened in growth sectors	0 in 2018	250, 50% of which women-headed in 2023	ANSD, ADEPME and BMN statistics	<u>Risk:</u> Early mortality of new enterprises
		Number of enterprises created by young people incubated in the project growth sectors	0 in 2018	700, 50% of which by women in 2023	BMN and ADEPME statistics	<u>Mitigation:</u> Sustained support to young project sponsors before and after incubation and networking with enterprises that win orders (contractors)
OUTPUTS	Partnerships with the private sector (PPP) strengthened using the school-business model	Number of partnership agreements with the private sector on delegated training	0 in 2018	03 in 2023	Project implementation reports	<u>Risk:</u> Lack of private sector involvement in the design and management of the training programme
		Number of companies supported in the context of a school-business partnership for skills development	0 in 2018	50, 50% of which women-owned, in 2023	Project implementation reports	
	Centre for training in trades related to the hydrocarbons sector established	Number of centres for training in trades related to the hydrocarbons and gas sector established	0 in 2018	01 in 2020	Report by the Ministry in charge of Vocational Training	<u>Mitigation:</u> Identification of needs jointly with future users and strengthening the structuring of vocational sub-sectors <u>Risk:</u> Delays in mobilizing
	Development of the Ross Bethio Rice-Farming Platform	Plaza developed	0 in 2018	01 in 2019		
	Training centres rehabilitated and equipped	Number of training centres rehabilitated and equipped	0 in 2018	02 in 2020		

	Benchmarks/training modules developed in collaboration with enterprises	Number of training curricula, toolkits, benchmarks and modules developed	0 in 2018	03 per sector		financing for SMEs and new businesses
	Training of trainers carried out	Number of trainers trained	0 in 2018*	80 (50% of the women)		
	Qualifying training provided	Number of youths and women trained	0 in 2018*	15,000, 50% of whom women		
	Companies upgraded and consolidated	Number of beneficiary companies	0 in 2018	250, 50% of which women in 2023	Project implementation reports Report by the Ministry in charge of Vocational Training	
		Credit Fund established and operational	0 in 2018	01 in 2019		
		Number of investment plans funded	0 in 2018	250 Plans, including 50 for women		
	Youth and women's incubation programme introduced	Number of youths and women incubated	0 in 2018	3 000, 50 % of which women incubated in 2023		
	Sustained development of start-ups	Number of start-ups initiated	0 in 2018	700 start-ups, 50 % of which women-owned		
		Number of start-up kits for start-up champions	0 in 2018	500 kits, 50 % of which for women		
		Number of start-ups funded	0 in 2018	600 start-ups in 2023, 50% of which by women		
	Project management	(1) Meeting of the Multisectoral Steering Committee (2) Status reports established (3) Audit reports approved (4) Cumulative disbursement rate	0 0 0 0%	(1) 12 in 2023 (2) 20 in 2023 (3) 05 in 2023 (4) 100% in 2023	Project implementation report	
INPUTS	<u>Component 1:</u> Development of technical and vocational in trades pertaining to growth sectors <u>Component 2:</u> Support for the development of local businesses and potential businesses of young people and women in growth sectors <u>Component 3:</u> Project management. Component 4: PPF			(in UA Million) ADF : 14.00 Government: : 1.60 <hr/> Total : 15.60 Component 1 : 9.78 Component 2 : 2.87 Component 3 : 2.14 PPF : 0.81		

* N/A = Not Applicable

Project Implementation Schedule



REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING THE PROPOSED AWARD OF A LOAN TO THE REPUBLIC OF SENEGAL TO FINANCE THE PROJECT FOR SUPPORT TO SKILLS DEVELOPMENT AND YOUTH ENTREPRENEURSHIP IN GROWTH SECTORS

Management submits this report and recommendations for a proposed *ADF loan of UA 14 million* to the Republic of Senegal to finance the Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors (PDCEJ).

I – STRATEGIC THRUST AND RATIONALE

1.1. Project Linkages with Country Strategy and Objectives

1.1.1 The project will support the guidelines and strategies adopted by Senegal for its development, as set out in the ESP. The vision for Senegal's emergence by 2035⁵ focuses on the structural transformation of the national economy by consolidating the current drivers of growth and developing new sectors that create wealth, employment and social inclusion, and that have strong export capacities and can attract investments. In the current structure of the Senegalese economy, industry and agriculture (including livestock farming) are two drivers of growth each of which accounts for about 12% of GDP. In that context, the ESP aims to create more than 600,000 formal jobs during the 2014-2023 period and is relying on a strong contribution from industry, agricultural value chains and other growth sectors to achieve that goal. The strategy envisaged to that end depends, among others, on the adaptation of job training according to a principle based on skill training for youths and women tailored to the real needs expressed by enterprises.

1.1.2 The recent discovery of huge oil and gas deposits off the coast of Senegal (not part of phase I of the ESP) should lead to the emergence of a real oil and gas industrial sector. In that context, the prospect of oil and gas production requires new jobs, upstream and downstream, for which the necessary skills need to be developed. Upstream, teams capable of participating in the development of deposits (design and construction of physical production facilities) and monitoring of oil and gas production will be needed. Downstream, meetings that have been held with actors in the oil sub-sector have helped to confirm the need for a workforce of thousands of people (mostly technicians and labourers) for hundreds of trades related to the following aspects: (i) offshore drilling platform (ii) petroleum product transportation logistics; and (iii) service station management. Training will have to be provided in more trades to address the needs in qualified senior technical staff according to the State's strategy concerning future options for the transformation of petroleum (refining) and gas (petrochemicals and/or electric power generation).

1.1.3 Employment is a priority objective of the Emerging Senegal Plan (ESP). The strategy adopted to promote sustainable jobs is skill development through labour market-oriented vocational training, to increase decent job opportunities through entrepreneurship. Meeting the real needs of large industries and SMEs and SMIs is the best way to provide decent and sustainable employment opportunities for youth and women.

1.1.4 Faced with the challenge of unemployment, entrepreneurship and micro, small and medium-sized enterprises (MSMEs) have now become the drivers of self-employment or employment by and for youth. According to the 2017 General Business Report, there were 407,882 economic units in the Senegalese economy, more than 82% of which were sole proprietorships operating mainly in the informal sector and 36.5% of owners of economic units were under 35 years old. In Senegal, there is an entrepreneurial spirit among the young who need to be accompanied and

⁵ Emerging Senegal Plan 2014-2035.

supported. However, despite their determination many young people in both the formal and the informal sectors, are unable to overcome the obstacles associated with the establishment and management of a successful business: lack of managerial skills (including bookkeeping); inadequate infrastructure (especially access to electricity), unskilled workforce, difficulties in getting credit (especially for the youngest enterprises), and a lack of specialized and innovative technology.

1.2. Rationale for the Bank's Involvement

1.2.1 The project is in line with the priorities set out in the 2016-2020 Country Strategy Paper (CSP). The CSP comprises two pillars: support for agricultural transformation and strengthening of production and competitiveness support infrastructure (energy and transport). The agricultural, industrial, energy and transport sectors supported by the Bank's strategy in Senegal suffer from a skills gap that limits their productivity and competitiveness. The project aims to help enterprises in these sectors acquire the required skills. Because of its multi-sectoral nature, the project will also contribute to the implementation, in Senegal, of the following four of the Bank's High-fives: "Feed Africa", "Light up and power Africa", "Industrialize Africa" and "Improve the quality of life for the people of Africa". It also makes it possible to implement the guidelines of the Human Capital Strategy (2014-2018) and the 2016-2025 Jobs for Youth in Africa Strategy relating to the development of skills in line with employment and entrepreneurship.

1.2.2 Agricultural and industrial SMEs and SMIs face a skills gap that hinders their competitiveness. The study⁶ conducted by the National Vocational Training Authority (ONFP) on human resources needs in priority sectors by 2025 and the feasibility study⁷ carried out by the Bank in preparation for the project specify the skills needs by trade for priority sectors: (i) hydrocarbons (oil and gas), (ii) green energy (solar, wind, biogas), (iii) hides and skins, (iv) agriculture, and (v) agribusiness (SMEs and SMIs operating in rice, cereal and fruit and vegetable processing value chains). The present operation seeks to close that gap in the above-mentioned sectors, which constitute growth and job creation opportunities. Fostering the business-training centre-research and development tripartite synergy as well as the emergence of a strong SME and SMI network, in view of their impact as drivers of inclusive growth, remains a priority for addressing the challenges of the ESP. It should be noted that SMEs and SMIs constitute 90% of businesses in Senegal, account for 30% of GDP and generate 42% of jobs in the modern sector.

1.2.3 Over the medium term, quantification of the skills needs of enterprises shows fairly high demand for young graduates. For the agricultural sector, 43,244 trained technicians, labourers and supervisors are required by 2023 compared to 18 406⁸ f engineers, professionals and managers. Although the skills needs of the industrial and agribusiness sub-sectors show fairly heterogeneous demand across the different branches and sectors, the survey conducted as part of the feasibility study found that *"almost 70% of the enterprises surveyed have a critical need for technicians, labourers and supervisors"*.

⁶National Vocational Training Authority: study on the need for skilled workers in priority sectors by 2025 (2015).

⁷African Development Bank: Feasibility study for the Programme to Support Skills and Entrepreneurship for Youth and Women in the Growth sectors of Agriculture and Agribusiness.

⁸ National Academy of Science and Technology of Senegal: study on the contribution to youth employment: training for agricultural trades, 2014.

For the energy sector, which is considered to be a priority by the Government because of the emerging role of the oil and gas sector, where the next production start-up is scheduled for 2022, the national needs in engineers specialized in oil and gas exploration and production are limited, according to the estimates of industry experts. These needs should be sufficiently covered in the coming years by the National Oil and Gas Institute (INPG), which is scheduled to start its activities in October 2018. However, significant needs have been identified for intermediate skills, including for senior technicians, technicians and workers specialized in production platforms and/or oil processing units. That segment is the target of this project.

1.3. Aid Coordination

1.3.1 Development assistance is coordinated by the Government of Senegal, through the Directorate of Cooperation and External Financing (DCFE) of the Ministry of Economy, Finance and Planning. The Technical and Financial Partners' Consultative Committee (CCPTF) coordinates the effort through three levels of consultation: the G50, the G12 and 20 thematic groups. The Bank, through COSN, is an active member of the G50, G12 and the thematic groups. The main issues addressed during the dialogue between the technical and financial partners (TFPs) and the Government of Senegal concern the implementation of the key reforms of the ESP, in particular land reform, portfolio performance, monitoring and evaluation of development outcomes, strengthening of the road maintenance fund and resource mobilization.

1.3.2 The rural development and food security thematic group is chaired by USAID and FAO. In the education and training sector, the UNESCO-led TFP Group comprises a very active vocational training and skills development sub-group that has drawn up a roadmap with the Government which it examines on a quarterly basis. LuxDev Cooperation provides sustained support for vocational training through the indicative cooperation programmes (ICPs) between Senegal and Luxemburg, the fourth of which is being prepared for the 2018-2022 period. The ICP is a point of convergence for TFP interventions. TFP interventions in the area of training and employment concern several aspects presented in Technical Annex A.2.6. The table below shows the main amounts currently committed in the employment sector in Senegal.

1.3.3 Several of the operations financed show potential for synergy with this project. The AfDB-financed Project to Support the Promotion of Employment for Youth and Women (PAPEJF) supports the promotion of youth entrepreneurship by establishing a financing mechanism that may be used by the project to finance some start-ups. The project will be in partnership with the Senegalese Youth Entrepreneurship Programme (PSEJ), which aims to train young entrepreneurs by incubating them and facilitating their professional integration. Similarly, vocational training “sectoral centres” and “sectoral clusters” provide excellent aid coordination for strengthening technical and vocational training. Coordination is effected in close collaboration with the private sector, especially in sectors addressing priority issues for the competitiveness of the Senegalese economy, including agriculture and industry. Some of the entities involved in this sectoral approach to vocational training based on a sustained partnership with the professional branches include the Diamnadio Construction and Public Works Trades Sectoral Training Centre, the Dakar Agri-food Industry Trades Sectoral Training Centre and the Dakar Ports and Logistics Trades Sectoral Training Centre, which are already established and functional. Clusters are networks of vocational training institutions and private enterprises in the same sector of activity. Those in the poultry, horticulture and tourism and hospitality sectors are already operational.

Table 1 (a): Contribution of Development Partners (2012-2019) – Skills and Entrepreneurship Development

2 Stakeholders – Public Expenditure (Ongoing Programmes or Projects)			
Government (CFAF billion)	Donors	TFP amounts (CFAF billion)	Period
(2 billion per year since 2009)	Lux Dev (SEN028)	11. 8	2013-2019
	BM (FPEC)	39	2012-2019
	AFD (PQRH 2)	4.2	2012-2019
	Canadian Coop (ESP/EP)	2. 55	2015-2021
	AfDB (PAPEJ)	15. 69	2013-2019
	UNESCO (PEFOP)		2016-2019
	CIDA (EPE2)	10.0	2014-2019
	IsDB (PALAM)	0. 88	2013-2018
	APEFE (SN101, SN 102, SN103)	0.3	2009-2018
	Spanish Coop	2.6	2014-2018
Level of aid coordination			
Existence of thematic working groups	Yes		
Existence of a comprehensive sectoral programme	No, but NEP developed		

II – PROJECT DESCRIPTION

2.1. Project Components

2.1.1 The overall objective of the project is to contribute to growth and employment by improving the quality of the workforce, the competitiveness of enterprises and the entrepreneurship of young people in the growth sectors of industry and agriculture.

2.1.2 **The project will be implemented over a 5-year period.** It includes the components and sub-components summarized in the table below.

Table 2.1: Summary of Project Components

Component	Cost (UA M) ⁹	Description
<u>Component 1:</u> Support for skills development and business competitiveness	9.78	This component covers the following areas of activity: (i) Support for growth sectors through sectoral studies (ii) Support for professional organizations in the targeted sectors (iii) Training of 2,000 young people in related hydrocarbon trades (iv) Development of benchmarks and training modules in collaboration with professional branches (v) Training of trainers (vi) Development of the skills of more than 40,000 youths (vii) Upgrading of 250 enterprises (viii) Support for the rehabilitation of two training centres in agricultural and hides and skins trades (ix) Establishment of a special training centre for oil and gas trades (x) Monitoring of Environmental and Social Management Plan
<u>Component 2:</u> Development of youth entrepreneurship	2.87	This component comprises the following activities: (i) Support for existing incubators - ITA, PSEJ, CFPT-Najibi (ii) Implementation of an incubation programme for 3,000 young people (iii) Establishment of a financing fund (iv) Financing of an investment plan for 250 enterprises (v) Financing of 700 start-ups.

⁹ Not including the PPF advance of UA 0.81 million

<u>Component 3:</u> Project management	2.14	This component comprises the coordination and supervision of project activities, including those relating to procurement of goods and services, monitoring and evaluation, and administrative and financial management.
<u>Project Preparation Facility (PPF)</u>	0.81	Project preparation-related activities

2.1.3 Skills development will focus on skills training in trades in the hydrocarbons (oil and gas), green energy (solar), hides and skins and agricultural sectors, which have been identified as priorities. A dedicated sectoral training centre for oil and gas trades will be created and equipped in a public-private partnership, where sustainable training will be provided for technicians and workers specializing in trades upstream and downstream of the oil and gas value chain, at a rate of 200 per year from 2020, in addition to the high-level training courses (engineers) currently being developed at the National Oil and Gas Institute (INPG). The dedicated centre will have a regional focus. Skills training for trades in the hydrocarbons sector (transport, logistics and distribution) will be designed and implemented by the ONFP in the first year of the project and will target at least 2,000 youths, 50% of whom will be directly integrated into enterprises that have expressed these needs. A training centre for leather trades will also be rehabilitated at Ngaye Meckhe and train 100 specialized workers per year. With regard to solar energy training, a manufacturing laboratory (FabLab) will be set up in conjunction with a vocational training centre (CFPT Dakar) to strengthen the introduction of information and communication technology (ICT) and industrialization in the sector. In coordination with USAID and the Ross-Bethio City Council, the project will support the establishment of a platform (Plaza) in Ross-Bethio for the actors of the rice processing chain.

2.1.4 The upgrading of enterprises will include diagnosis and support intended to help them improve and modernize their administrative, technical and technological systems. It will concern at least 250 enterprises, which will be selected over five (5) years, according to defined criteria, in the following sectors: agriculture (100), oil and gas (110), solar energy (30) and hides and skins (10). The activity will be aimed at: (i) already established and operational enterprises (to be selected and supported by the Upgrading Office (BMN), and (ii) nascent SMEs and SMIs (to be selected and supported by the Small and Medium-Sized Enterprise Development Agency (ADEPME). The selection will be based essentially on criteria already used and considered acceptable by the BMN and the ADEPME, in coordination with the project management, with special attention paid to gender equality. Support for growth sectors will include support for strengthening the structuring of professional organizations as well as sectoral studies to more accurately identify skills needs (hydrocarbons and gas, hides and skins).

2.1.5 For the development of youth and women's entrepreneurship, the project will rely on national institutions with experience in incubating and supporting young people with innovative ideas, in particular the Food Technology Institute (ITA) for the agricultural sectors and the Technical and Vocational Training Centre (CFPT), in partnership with a specialized private centre (Nadji-Bi), for solar energy. Applicants will be selected according to criteria defined taking into consideration the priority sectors, merit and gender equality. The selection criteria are presented in Annex C. The solar energy training-incubation cycle will produce at least 200 self-employed entrepreneurs manufacturing residential solar kits, which will generate at least 400 jobs. The national public centres (ITA, CFPT) were selected because of their experience in providing training for trades in the selected sectors and their incubation and support potential. The plan is to set up a public-private partnership with Nadji-Bi (private institution), because it is the only institution committed to research and development in the field of solar energy and is already actively collaborating with the CFPT. The project will provide the equipment needed to enhance the educational and support environment as well as the design and implementation of training and incubation programmes. The project support will help to select and incubate 3 000 young people with innovative ideas and generate 700 start-ups and SMEs. Eligible winners may be able to obtain funding through the credit and guarantee funds that will be set up.

2.1.6 Financing Mechanism

A financing mechanism will be established to facilitate access to finance for enterprises that are eligible for an upgrade and for young start-ups. The project will thus provide a relevant solution to the financing difficulties faced by applicants, in particular: (i) risk insurance coverage, (ii) personal contributions and (iii) excessive interest rates. The financing mechanism proposed by the project stems from the findings of the feasibility study carried out during project preparation. Discussions were subsequently held with several finance institutions to develop an approach based on the use of two financial instruments: (i) a credit fund and (ii) a guarantee fund. The credit fund will be financed through ADF loan resources and will be placed, at a zero rate, in the ledger of the National Agricultural Credit Fund (CNCAS), a financial institution that has been selected. The fund will finance young project sponsors and SMEs/SMIs eligible for the upgrade programme at an interest rate not exceeding 6%.

2.1.7 The innovation is based on several factors related to the selection and monitoring of beneficiaries. These include: (i) the thoroughness of the beneficiaries selection process, and (ii) the regular and formal support provided to beneficiaries both upstream and in the post-financing period, which ensures that the loan is repaid in full. The targeted beneficiary enterprises will be selected on the basis of the criteria of the upgrading programme adopted by Senegal since 2014. Similarly, young people and women proposing new projects (start-ups) will be selected from among the best graduates of the incubation centres. Technical Annex B.3.4 provides details on the structure and implementation of the financing mechanism.

2.1.8 Private Sector's Role and Participation

In the design phase, consultations were held with various private sector actors, which will facilitate involvement of the private sector in the implementation phase, in various forms, including PPPs. By supporting the partnership between the CFPT (public training institution) and Nadji-Bi, a private institution specializing in industrial solutions, training and research in the field of solar energy will help to provide the country with training and research infrastructure that will foster training and preparation for employment-generating trades in the solar energy sector. Nadji-Bi will cover more than 50% of training, preparation and implementation-related costs. The professional organizations which, in coordination with the ONFP, already play a key role in the definition and implementation of skills training, will continue to make that essential contribution to the project. The project also supports the upgrading and development of private enterprises as well as the creation of new businesses through incubation. Professional organizations in the hydrocarbons and hides and skins sectors will also be involved in the management of the training centres to be established. To that end, the project will support the conclusion of collective agreements in these sectors.

2.2. *Technical Solution Retained and Other Alternatives Explored*

The technical solution retained consists in: (i) targeting growth sectors and relevant value chain segments, and (ii) upgrading existing enterprises and incubating young start-ups before putting them in contact with financing institutions. This approach will be applied for the agricultural value chains (processing and services segments), the hydrocarbons value chain (services and marketing), the solar energy value chain (services and production), and the hides and skins value chain (production and marketing). Skills development is also based on the involvement of the private sector, which should ultimately be providing training in the sectors, particularly in hydrocarbons and hides and skins sectors.

Table 2.2: Alternatives Explored and Reasons for Rejection

Alternative	Brief description	Reason for rejection
Investing in the agricultural production segment	Supporting and providing assistance for actors in the agricultural production segment	<ul style="list-style-type: none"> ▪ Investment in the production segment by other stakeholders and heavy investment by central government ▪ Difficulty in mobilizing and securing land ▪ Higher risks in this segment
Developing skills for all levels and for all sectors of the economy	Supporting training for all levels of qualification (from engineers to labourers)	<ul style="list-style-type: none"> ▪ Does not allow for the rationalization of the use of limited resources ▪ Does not fully meet the priority needs identified by the feasibility study, which concerns mainly technicians specialized workers ▪ Does not allow complementarity with other actions already being carried out by the Government and other TFPs
Targeting all project sponsors	Retain project sponsors without considering the potential of the sectors and risk management	<ul style="list-style-type: none"> ▪ Selection of inexperienced, unincubated and unsupported project initiators ▪ Too high a risk to be assumed by financial partners

2.3. Project Type

This is a stand-alone investment project. This method is chosen (for example instead of budget support) because of the requirement of feedback and stringent monitoring related to (i) specific activities to be implemented over an average duration, and (ii) the involvement of professional organizations and public and private enterprises.

2.4. Project Cost and Financing Arrangements

2.4.1 The total project cost, net of taxes and customs duties, is estimated at UA 15.60 million. The cost comprises UA 4.18 million (27%) in foreign exchange and UA 11.42 million (73%) in local currency. The cost is financed by an ADF loan of UA 14.00 million, (89.97% and including a PPF advance of UA 0.81 million), and the Government of Senegal for UA 1.60 million (10.03%).

2.4.2 The costs have been determined based on information obtained from official entities and various other stakeholders on the national market. A price escalation provision of 4% has been adopted for costs in foreign exchange and local currency and a physical contingency rate of 6%. Tables 2.3, 2.4 and 2.5 below present project costs by component, expenditure category and source of financing, while Table 2.6 presents the expenditure schedule by component. The detailed costs are presented in Technical Annex B.2.

Table 2.3: Project Cost by Component

COMPONENTS	CFAF million			UA million			% Foreign Exchange	% of Total
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
1. Development of skills and the competitiveness of enterprises	5,653.04	1,192.18	6,845.22	7.25	1.53	8.78	17	56
2. Development of youth and women's entrepreneurship	1,209.21	687.99	1,897.20	1.55	0.88	2.43	36	16
3. Project management	1,265.22	278.3	1,543.52	1.62	0.36	1.98	18	13
PPF	-	635	635	-	0.81	0.81	100	5
Base cost	8,127.47	2,793.46	10,920.94	10.42	3.58	14	26	90
Physical contingencies	454.96	335.36	790.32	0.58	0.43	1.01	42	6
Price escalation	328.47	129.43	457.9	0.42	0.17	0.59	28	4
Total Cost	8,910.90	3,258.25	12,169.15	11.42	4.18	15.6	27	100

Table 2.4: Sources of financing (in UA million)

Sources	Foreign Exchange	Local Currency	Total	%
GOVERNMENT	-	1.60	1.60	10.30
ADF	4.18	9.82	14.0	89.70
Total	4.18	11.42	15.60	100

Table 2.5: Project Cost by Expenditure Category (in UA million)

EXPENDITURE CATEGORIES	CFAF million			UA million			% Foreign Exchange	% Total
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
A. Works	2,309.28	577.32	2,886.60	2.96	0.74	3.7	20	24
B. Goods	774.89	1,330.39	2,105.28	0.99	1.71	2.7	63	17
C. Services	2,387.27	248.82	2,636.09	3.06	0.32	3.38	9	22
D. Other	2,286.84	-	2,286.84	2.93	-	2.93	-	19
E. Operation	369.19	1.94	371.13	0.47	-	0.48	1	3
F. Repayment of PPF advance	-	635	635	-	0.81	0.81	100	5
Base cost	8,127.47	2,793.46	10,920.94	10.42	3.58	14	26	90
Physical contingency	454.96	335.36	790.32	0.58	0.43	1.01	42	6
Price escalation	328.47	129.43	457.9	0.42	0.17	0.59	28	4
Total Cost	8,910.90	3,258.25	12,169.15	11.42	4.18	15.6	27	100

Table 2.6. Expenditure Schedule by Component (in UA million)

COMPONENTS	2019	2020	2022	2021	2023	Total
1. Development of skills and the competitiveness of enterprises	1.94	4.08	2.73	0.99	0.03	9.78
2. Development of youth and women's entrepreneurship	0.65	1.33	0.54	0.22	0.13	2.87
3. Project management	0.76	0.35	0.36	0.34	0.33	2.14
PPF	0.81	-	-	-	-	0.81
Total Cost	4.17	5.76	3.63	1.55	0.49	15.60

2.4.3 ADF will finance the foreign exchange costs and participate in the financing of all expenditure categories. The Government partly finances goods (vehicles), works, kits for the graduates of the incubation programme for young people with innovative ideas, implementation of the Environmental and Social Management Plan and operation. Table B.2. (Technical Annexes B.2) presents the summary of activities by expenditure category and source of financing.

2.5. Project Target Areas and Beneficiaries

The project will be implemented in five (5) regions: Kaolack, St. Louis Thiès, Ziguinchor, Dakar and its suburbs. The first four regions were selected because of a combination of several factors related to vulnerability, the scale of unemployment and under-employment, population size, the existence of niches and potential in the targeted value chains as well as the potential initiatives and self-reliance capacity of women and young people. Agriculture and the industrial sector are the dominant activities in the targeted regions and are the engine of the local economy. The Thiès region was chosen specifically because of the city of Mekhé, home to 200 heads of workshops in charge of nearly 900 apprentices, and 65 sewing workshops and 12 skin tanning workshops. The suburbs of Dakar were

selected because of their high number of unemployed graduates and the potential of project sponsors in agricultural value chains (especially around the Niayes area) and in support trades. The project is intended to support 250 enterprises and 700 start-ups resulting from incubation centres in growth sectors. The direct beneficiaries of skills development are estimated at 40 000 young people and women, generating 36 000 jobs.

2.6. Participatory Process for Project Identification, Design and Implementation

Throughout the project preparation process, Bank teams consulted the national and international stakeholders concerned. The institutions and people consulted include central and technical offices and directorates of ministries, management teams of projects being implemented in the agricultural and industrial sectors, representatives of bilateral and multilateral development institutions, employers, private enterprises, youth and women business initiators, vocational training institutions in industrial and agricultural specialties, etc. During the preparation of the Concept Note, the project guidelines were presented to the group of technical and financial partners meeting at the COSN in order to gather their initial observations. These consultations made it possible to understand the expectations and to draw from previous experiences, successes achieved as well as difficulties encountered and best practices. They also helped to identify possible synergies with the interventions of other TFPs that support vocational and technical training or plan to do so. The professional organizations and private enterprises in particular that were consulted are interested in participating in the project implementation.

2.7. Bank Group Experience and Lessons Learned Reflected in the Project Design

2.7.1 The project's design was guided by lessons learned from the implementation of Bank-financed projects in Senegal and elsewhere, as well as experience gained from projects funded by other donors. The Bank has been operating in the social sector since 1986 and has financed 8 operations for a total of UA 87.3 million, including two poverty reduction projects (PAGF and PLCP). These operations have been completed and the completion reports are available. On the whole, they have achieved positive results (very high recovery rate, 89% for the PCLP and 94% for the PAGF), mainly due to the participatory and decentralized approach involving local actors. Two projects directly related to youth and women's capacity-building (PAPEJF and PAUVS) are ongoing and should be completed in 2019. With regard to the PAPEJF, in particular, the lessons learned at the mid-term review are as follows: (i) need to have a strong institutional anchor for project implementation; (ii) accurate targeting of beneficiaries; (iii) the financial partner should include post-financing monitoring in its process, to identify any additional financing or loan restructuring needs in a timely manner. For the funds managed under these projects, the weakness of monitoring and evaluation was one of the main reasons for the absence of performance management, which would allow corrective action to be taken as needed in order to optimize resources.

2.7.2. The Bank has also financed several operations in the rural sector, two of which are still active (PASA Lou / Ma / Kaf and P2RS). The Bank also took into consideration the results of the final evaluation and completion reports, in particular that of the PMIA, completed since 2008 with performances deemed satisfactory in rural sector financing. Thus, the project was designed taking into account: (i) the effective improvement of quality at entry (leading to the early preparation of a feasibility study for the project which made it possible to confirm the growth sectors selected for the identification mission, to have a more accurate estimate of the skills needs expressed by enterprises, to control the costs of carrying out the various activities, and to raise public awareness ahead of time); and (ii) the adoption of standard approaches, *modus operandi* and plans for value chain support.

2.7.3 The project design was also guided by similar operations being implemented or designed by development partners. These include the World Bank's Youth Employability Promotion and Social Inclusion Project, which is currently under review, the third indicative cooperation programme (ICP III) between Senegal and Luxemburg through the Project to Support the Integration of Vocational

Training Graduates implemented by ILO, UNIDO, UNDP and the Ministry of Vocational Training and Rapid Entrepreneurship and the Senegalese Youth Employment Programme (PES/J). Several other ongoing initiatives are mentioned in Technical Annex A2. The current project will be carried out in synergy with all these initiatives.

2.8. Key Performance Indicators

The key performance indicators for monitoring the achievements of the project have been identified and the most relevant are summarized in the results-based logical framework. *Impact indicators*: skilled labour rate; contribution of the secondary sector to productivity. *Outcome indicators*: percentage of successful project trainees securing employment within nine months following training (gender-disaggregated); mortality rate of SMEs created by the project compared with the national average; number of enterprises created by youths incubated in the project growth sectors. *Output indicators*: number of curricula, benchmarks and modules developed; number of trained trainers; number of protocols signed with large companies; credit fund established; guarantee fund established; number of start-ups set up; number of protocols signed with incubation centres; number of investment plans financed; number of start-ups funded. Progress with respect to these indicators will be monitored through a monitoring and evaluation system put in place for the project

III – PROJECT FEASIBILITY

3.1. Economic and Financial Performance

3.1.1 Significant Economic and Financial Data

IRR: 33% NPV: CFAF 47,369,550,466 (baseline scenario at 10%)

See Technical Annex 6 for detailed calculations

The cost-benefit analysis of the project and the underlying assumptions for the calculation of the internal rate of return (IRR) are detailed in Technical Annex B.6. The economic analysis was performed using the comprehensive approach, which consists in estimating all investment costs related to the provision of training, business upgrade and start-up incubation services and comparing them against expected savings to calculate an internal rate of return. To that end, the direct costs incurred under the project are spread over five years according to the disbursement plan presented in the appraisal report. The economic and financial performances have been assessed on the basis of a 20-year investment life span. The main benefits expected from the project stem from: (i) the creation of direct jobs for women and youths through business upgrading and the financing of entrepreneurship projects; (ii) net direct income for the beneficiaries of skills training; (iii) productivity gains for enterprises in terms of profit variation and innovation in production processes; and (iv) net gains for communities corresponding to the difference between subsidies paid and income and other benefits generated, plus changes in the human capital stock. The analysis gives a rate of return estimated at 33%, which is higher than the opportunity cost of capital, established at 12%. This sustainability was also tested to measure the robustness of the IRR on the basis of the following assumptions: a 12% increase in investment costs with a 15% decrease in expected benefits, reducing the IRR to 24%, or a 20% increase in costs, bringing the IRR to 26%. The project is thus economically sustainable and socially beneficial for Senegal, which aims to become an emerging economy through strong and inclusive economic growth.

3.1.2 The project will contribute to the creation of a critical mass of skilled labour for the selected growth sectors. The training programmes will provide access to employment for 3,000 young technicians and skilled workers (half of them women) in the agricultural, industrial and hydrocarbons sectors for which needs have been identified. In addition, support for training institutions will enable

them to sustainably enhance the quality and diversification of the training provided. Support for small and medium-sized enterprises and the incubation process, coupled with incentive funding, will lead to the consolidation and growth of more than 450 SMEs and SMIs and the creation of at least 3 000 new direct jobs and more than 1 500 indirect jobs related to support services.

3.2. Environmental and Socio-economic Impact

3.2.1 Environmental impact. The project's physical activities will not generate significant environmental and social impacts. They will be relatively weak and will be confined within the limits of the sites planned for the rehabilitation or construction of infrastructure. The sites are not, in principle, in any environmentally sensitive area. The very limited amount of infrastructure to be rehabilitated or built and its dispersal across the country make the impacts even weaker. In accordance with the Bank's environmental safeguards policies, the project was classified in Category 2 following a strategic environmental assessment. It will have only slightly negative impacts on the environment. These impacts mainly concern low and temporary noise pollution and dust emissions during construction. No deforestation is planned. For the enterprises, the modernization and upgrading programmes will result in the use of cleaner technologies, cleaner production sources in compliance with current national and international standards that will enhance their competitiveness. However, appropriate mitigation measures will be taken in accordance with the management master plan that will be implemented. Environmental oversight for the project will be ensured through construction works supervision missions. Monitoring will be performed by the Directorate of Environment and Classified Establishments (DEEC) and its branches through a partnership agreement.

3.2.2 Climate change: The project is classified in Category 3 following the climate screening in accordance with the Bank's Climate Safeguards System (CSS). This category corresponds to projects that are unlikely to be vulnerable to climate risks and do not require a comprehensive review of climate risks. However, specific measures will be taken to anticipate potential climate risks such as floods or heavy rainfall. Special attention will be paid to the selection of the site to host the training centre for trades in the hydrocarbons sector. In rehabilitating the centres, the impact of climate hazards on infrastructure will also be taken into account. It should be remembered that Senegal belongs to the Sahelian zone, subject to alternating drought and flood episodes. Therefore, these risks should not be ignored and anticipating them will help ensure the sustainability of the investments.

3.2.3 Gender: Women will be the direct beneficiaries of the project outputs. The trade skills training that they will receive will provide them with new job opportunities. In the selection of incubation candidates, the project will seek to give preference to women with innovative ideas in order to foster the emergence of start-ups and SMEs/SMIs initiated by women. Indeed, women make up 52% of the total population and 48% of the workforce. The majority of them live below the poverty line, especially in rural areas. About 28% of female-headed households are extremely poor, compared with 25% of male-headed households. In rural areas, women are mostly engaged in agriculture, livestock farming and fisheries. About 82.6% of them still use rudimentary tools, compared to 79.4% for men. In urban areas, women are particularly involved in the informal sector, which is more flexible and better adapted to their financial capacities and the scheduling of their activities. They thus remain poorly represented in the formal sector (35%) and cannot invest in sectors with high added value because they find it extremely difficult to gain access to agricultural inputs (land, equipment and fertilizers) and to the huge financial resources required, taking into account their living conditions and social status. The project will enhance women's qualification in trades with high potential as well as the emergence and consolidation of women-owned businesses. Thus, at least half of the beneficiaries of the qualifying training (17,500) will be women. The proportion of women among young people with incubated ideas will be at least 50%. Similarly, the proportion of SMEs/SMIs managed by women will amount to at least 50% of the total number of SMEs/SMIs supported.

Incentives will be introduced as far as trades sector training, business incubation and creation are concerned, the age criterion will be excluded for women interested in joining the project. Also,

sensitization and communication campaigns for change will be organized to encourage women to pursue trades in the oil and gas sector and in other sectors usually considered the preserve of men. In the same context, mentoring and coaching sessions for women integrating male-dominated trades and entrepreneurship will be organized to break the taboos surrounding women's choice of profession.

Categorization based on the gender marker system: The project is classified under Category 2, according to the gender marker system. In that regard, a gender analysis and an action plan have been included in Technical Annex B.8

3.2.4 Social and economic impact. The project provides opportunities to upgrade and create enterprises as well as to generate employment in the selected growth sectors, especially agriculture and energy (including oil and gas).

3.2.4.1 Agriculture: Agriculture, particularly agribusiness, is a major solution to youth unemployment in Senegal where most young people are engaged in the agricultural sector, and account for over 93%¹⁰ of those employed in the primary sector in rural areas. By promoting such growth sub-sectors as rice, millet, sorghum, groundnuts and fruit and vegetables and by focusing on value-added and processing activities in these sectors, the project is helping to increase the number of highly productive agricultural entrepreneurs. With the availability of incubation support focusing on sectoral knowledge and accessibility to new technologies and financial support, young people with innovative ideas will be able to earn a decent living in agriculture and create jobs. In fact, with less than 15% of agricultural production currently processed locally, agribusiness is becoming a priority vector for job creation and the emergence of new enterprises for young people and women.

3.2.4 Energy: By enacting Law 2010-21 on renewable energies, the Senegalese Government gave a boost to the development of renewable energies for the diversification of the sources of power generation. The country's target of having 15% of its primary energy generated from renewable energy sources (excluding biomass) by 2025 - over and above the direct effect of encouraging the growth and creation of businesses through increased access to electricity - will further promote the development of youth-driven installation, maintenance and service delivery projects. By fostering the emergence of solar energy self-entrepreneurs through incubation and exposure to industrial processes in the Fabrication Laboratory (Fablab) that will be set up, the project will promote the development of an industry in the energy sector, which should lead to increased use of green energy in the country. According to UNDP, building an inclusive ecosystem that allows businesses to thrive in the renewable energy sector requires knowledge and technology, creative incentives, and investment in the establishment of enterprises which should be supported and guided.¹¹

3.2.4.3 Oil and gas: Senegal is not yet a producer of oil and gas, but the recent discovery of these energy sources offers tremendous prospects for the creation of jobs and sub-contractors to meet needs in terms of goods and services related to the exploitation. Since the number of jobs in the immediate hydrocarbons sector is limited, specialized SMEs that can meet the needs of large international companies may instead lead to the success of a local content policy. The project will help prepare the country for entry into the oil economy by building its human resource capacity, and by supporting the strengthening and structuring of professional organizations in the sector. Similarly, the study that will be carried out under this project to determine the skills needs will help to better identify future challenges and to improve the adaptability of the trades training system, both upstream and downstream.

¹⁰ Diagnosis on Youth Employment in Senegal, 2014

¹¹ Developing Inclusive Enterprises in the Solar Energy Sector in Senegal: Towards the Creation of a Favorable Ecosystem, UNDP

3.3. Involuntary Resettlement

Project activities will not entail any involuntary population resettlement, nor will they affect or restrict access to goods or livelihoods.

IV – IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 Executing Agency

The Project will be under the supervision of the Minister of Vocational Training, Apprenticeship and Handicrafts (MFPAA) and will be managed by a Project Management Unit (PMU) within the Ministry. The PMU will be responsible for implementing the project under the supervision of the Project Monitoring and Coordination Unit (PMCU) established within the MFPAA to ensure the coherence and the necessary synergies of the various TFP operations carried out in support of the skills development policy. The existing PMCU, whose terms of reference are restricted to the activities of AFD-funded projects, already has its staff which will be supplemented for reasons of efficiency by a small team recruited on a competitive basis following a call for applications. This team will be required to have the necessary qualifications to manage the project. The PMU staff will consist of: (i) a Project Manager specialized in vocational training engineering with knowledge of youth entrepreneurship; (ii) a civil engineer; (iii) a microfinance specialist; (iv) an administrative and financial officer; (v) a monitoring and evaluation officer; (vi) a communications and advocacy specialist; and (vii) a procurement specialist. The project will also recruit support staff and develop synergies and partnerships with relevant national entities. The small project team will be facilitated and coordinated by the Project Manager who will be in charge of the project's operational and technical coordination.

4.1.2 Steering Committee

In view of the project's multi-sectoral nature, a Steering Committee will be established to guide the project and the consultation between members. This Committee will comprise: (i) the Ministry of Economy, Finance and Planning (MEFP); (ii) the Ministry of Vocational Training, Apprenticeship and Handicrafts (MFPAA); (iii) the Ministry of Higher Education, Research and Innovation (MESRI); (iv) the Ministry of Industry and Small and Medium-sized Industries (MIPM); (v) the Ministry of Agriculture and Rural Equipment (MAER); (vi) the Ministry of Petroleum and Energy; (vii) the Ministry in charge of Employment and Professional Integration; (viii) the Private Sector; (viii) the 3 Training Financing Funds (FFF); (ix) a representative of Private Vocational Training Institutions; and (x) the ONFP. It will be co-chaired by MFPAA and the private sector and will meet twice a year.

4.1.3 Working with specialised national institutions. Project implementation will rely on relevant national systems or institutions such as ONFP (training), ITA (training/incubation in the agricultural sector), CFPT and Nadji-Bi (training/incubation in solar energy), PSEJ (youth incubation). The project will also work in close coordination and complementarity with USAID for training and incubation in the development and installation of rice hullers in Ross Béthio.

4.1.4 Procurement Arrangements

4.1.4.1 Procurement : All procurements of this project will be carried out in line with the Procurement Framework for Bank Group-financed Operations dated October 2015 and the provisions set out in the Financing Agreement. The evaluation of Senegal's Public Procurement System (SPMS) led to a qualification of the procurement risk as moderate. This generic country risk was re-evaluated in the context of the implementation of all activities under the Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors (PDCEJ) to be taken into account in determining the overall risk of project procurement. The overall level of Project Procurement Risk (PPRR) at the time of the evaluation is deemed moderate. SPMS will also be used for the procurement of works, goods and consulting services for which the fiduciary risk is considered relatively low. The Bank's Procurement

Methods and Procedures (BPMP) will be used for larger-scale and greater complexity contracts for works, goods, and consulting services, for which the country fiduciary risk is deemed substantial.

4.1.4.2 Procurement Risks and Capacity Assessment (PRCA): risk assessment at the country, sector and project levels as well as the procurement capacity of the Executing Agency (EA) were conducted and the results were used to guide the decision on the choice of SNPMs for all activities planned under the project with the exception of audits. Appropriate risk mitigation measures have been included in the PERCA Action Plan in Annex B5. A procurement audit will be conducted annually by an independent firm

4.1.4.3 The project will be implemented by the Ministry of Vocational Training, Apprenticeship and Handicrafts (MFPAA) which will rely on the Project Monitoring and Coordination Unit (PMCU) within which will be created a Project Management Unit (PMU). This PMU will be supported by a procurement specialist recruited through a call for applications and who, in collaboration with the Ministry's Procurement Unit, will be responsible for all procurement activities except those that will be carried out by the ONFP which will play the role of a delegated Contracting Authority for the construction works of the Hydrocarbons Training Center

4.1.5 Disbursement and Financial Management Arrangements

4.1.5.1 Disbursements: Bank disbursements for the Project will be made using three methods: reimbursement, direct payment, and revolving fund or special account. The Bank will be required to provide project staff training on disbursement rules and procedures during the launching mission. The direct payment method will be used for the payment of contracts of significant amounts relating to works, goods and services, signed with companies, suppliers and service providers, as well as for the payment of expenses relating to the services of consultants, companies and suppliers. The special account or revolving fund method will be used for operating expenses as well as for the credit fund. In this context, the Borrower will open a special account on behalf of the Project with an authorized commercial bank. This account will receive resources to be used for the settlement of small operating and service delivery expenses. The special account will supply a sub-account that will operate under the signature of the PMCU Coordinator and the Administrative and Financial Officer. Disbursements of microcredit funds should be preceded by the preparation of an operations manual describing the procedures and funding mechanisms, and determining the appropriate disbursement method for this project component. If necessary, a second special account could be opened for the financing of the credit component. This account may be opened only after the Bank's approval of the agreement signed between the Project and the Financial Institution selected or designated as partner of the microcredit component. The reimbursement method may be used for payments of eligible expenditure from the ADF loan and made by the Borrower with the Bank's prior approval. The disbursement letter will provide more details on its terms and conditions of project disbursements. This letter should be initialled during the negotiation of the ADF loan.

4.1.5.2 Financial Management: The financial management of the PDCEJ will be carried out by the Monitoring and Coordination Unit (PMCU) of the Ministry of Vocational Training, Apprenticeship and Handicrafts (MFPAA), an entity specially established and dedicated to the implementation of the projects and programmes of this Ministry in order to ensure the necessary coherence and synergies of the operations of Technical and Financial Partners (TFPs) implemented in support of the skills development policy. Financial management will be carried out under the responsibility of the PMCU Coordinator, assisted by a team composed of a Team Leader, an Administrative and Financial Officer (AFO), an Accountant, a Microfinance Specialist, a Monitoring and Evaluation Officer, a Communication or Advocacy Specialist and a Procurement Specialist, recruited on a competitive basis.

4.1.5.3 In budgetary terms, the PMCU will apply the MFPAA's current procedures for the development of its annual work programme and budget (AWPB) in order to smoothly incorporate the

estimated counterpart funding expenditure into the MFPAA draft budget. Once the AWPB is adopted, its implementation will be monitored through the budget module of the integrated management system that will be procured for the preparation of the financial monitoring reports to be included in the project's quarterly status reports submitted to the Bank. Internal oversight will be formalized by an administrative, financial and accounting procedures manual which the PMCU will have to procure. Prior to the disbursement of funds, the PMCU will need to develop an operations manual describing the procedures and mechanisms for financing the microcredit component. Special project sub-accounts will be operated under the joint signature of the PMCU and AFO Coordinator. National counterpart funds will be disbursed through a Public Treasury account dedicated to the Project. The PMCU will implement an accrual accounting system that will use a combination of the budgetary, analytical and general modules to prepare the project's periodic financial reports and annual financial statements, adapted to the specific features of development projects. To that end, the PMCU will have to procure multi-user and multi-project accounting software. Detailed data on financial management and disbursement are provided in Annex B.6.

4.1.5.4. **Audit:** The financial and accounting audit of the PDCEJ will be conducted annually by an independent audit firm registered in the country or in any of the Bank's regional member countries. The firm will be recruited for a period of one year renewable depending on the quality of its services and for a maximum duration of three years, on the basis of terms of reference approved by the Bank. Audit reports should reach the Bank each year no later than six months after the close of the audited financial year.

4.2. Monitoring

4.2.1 **The internal monitoring and evaluation of the project and the indicators defined in the project's logical framework will be performed by the Monitoring and Evaluation Specialist under the supervision of the Project Manager.** The executing agency will prepare quarterly and annual status reports, which will be forwarded to the Bank. All reports must comply with the Bank's format and at the end of the project implementation, the executing agency, with the support of a consultant, will draft and forward to the Bank a project completion report. The reports will be drafted quarterly and annually according to the relevant Bank guidelines. Gender-disaggregated data will be provided in the reports. Basic supplementary data will be collected, as needed, in accordance with the performance indicators selected for the project. The monitoring of the Environmental and Social Management Plan (ESMP) will be included in the quarterly and annual status reports. The Bank will field at least two supervision missions per year. The Bank's Office in Senegal (COSN) will coordinate all the monitoring missions and will also ensure close monitoring of the project's implementation. At the end of 24 months of implementation, a mid-term review will be conducted for the project to measure the progress achieved against the indicators of the logical framework and the annual action plan.

4.2.2 **Impact assessment will be an integral part of the monitoring and evaluation conducted through surveys intended to serve as a means of verification of the indicators.** To that end, the project will support the establishment of a system for collecting relevant data in the course of the implementation of project activities. The impact will be measured through the selected performance indicators. The project completion report will be prepared jointly by the Borrower and the Bank. The implementation schedule for key project activities is summarized as follows.

Table 4.2: Implementation Schedule for Key Monitoring Activities

Activities	Period	Responsible Entities
Loan approval	September 2018	ADF
General Procurement Notice	September 2018	ADF
Signature of the Loan Agreement	October 2018	ADF/GOVT
Loan effectiveness	November 2018	ADF
Launching of project mission	November 2018	ADF/GOVT./ PROJECT TEAM
Mid-term review mission	June 2021	ADF/GOVT.
Establishment of the dedicated centre for training in trades of the hydrocarbons sector	June 2020	ADF/GOVT./ PROJECT TEAM
Establishment of the Ross-Bethio Plaza	2019-2021	
Establishment of the Ngaye Mekhé Training Centre	2019-2020	
Upgrading and support of enterprises	2019-2023	PROJECT TEAM
Establishment and operationalization of the Credit Fund	2019	ADF/GOVT./ PROJECT TEAM
Incubation and support of young people and women	2020-2023	
Trades sector training	2019-2023	PROJECT TEAM
Audit missions	From 2020	AUDIT FIRM
Completion Report Mission	March 2024	ADF/GVT

4.3. Governance

In terms of governance, the Senegalese authorities are resolutely committed to combating impunity and promoting economic governance. The country was placed 10th among African countries in the ranking of the 2016 Ibrahim Index of African Governance and 61st out of 175 countries in Transparency International's 2015 Corruption Perceptions Index, which was 8 places higher than in 2014. In addition, the Bank notes that project management has improved and that the oversight mechanisms in place are generally satisfactory. The overall rating of the Bank's portfolio is 3 out of 4. The trend of some indicators in recent years shows that the Government and the Bank have made sustained efforts to improve the portfolio performance. The Bank's 2011 assessment of the national procurement system concluded that Senegal's national procurement procedures are generally satisfactory.

4.4. Sustainability

4.4.1 The project executing agency will work with the various stakeholders to establish a strategy for managing the sustainability of the investments to be made under the project. This strategy will be based on the required standards and will ensure the financial and economic sustainability of mechanisms for qualifying training, incubation of young entrepreneurs and business upgrading. Thus, criteria relating to the capacity of beneficiaries and project owners to provide proper management, maintenance and servicing of infrastructure (buildings and equipment) will be taken into account in the various agreements. Similarly, sector-based incubator training will include: (i) development and dissemination of a module on infrastructure and equipment maintenance; (ii) establishment of a quality assurance system in support and production processes; and (iii) development of a cost recovery strategy. Finally, the proposed project is part of the Government's long-term plans to anticipate the skill needs of targeted priority sectors and help promote self-employment as an appropriate response to chronic youth unemployment. It is thus a manifestation of the Government's commitment to support sustainable approaches to the development of national potential.

4.4.2 The active involvement of the private sector in the design and management of the skills development programme and in supporting young entrepreneurs remains a challenge in Senegal.

In that regard, the sector policies implemented by the Government to operationalize the Emerging Senegal Plan (ESP), prioritizes the private sector as the main driver of wealth creation and growth. To reinforce this policy, the project promotes public-private partnership through the delegation of qualifying training to vocational branches with technical support aimed at structuring and professionalizing these organizations, particularly for the hydrocarbons, green energy and hides and

skins sectors. The private sector's role and participation in project implementation have been mentioned above (Paragraph 2.1.8).

4.5. Risk Management:

To ensure the project's success, mitigation measures are envisaged to address the risks identified. The main risks presented in the table below are shown in the results-based logical framework matrix.

Table 4.3: Risks and mitigation measures

Risk	Level	Mitigation Measures
Difficulty in gaining access to employment after training	Moderate	Matching of training with actual needs.
Early mortality of new enterprises	Moderate	Sustained support to young project sponsors before and after incubation and networking with enterprises that win orders (sub-contracting).
Lack of private sector involvement in the design and management of training programme	Moderate	<u>Mitigation:</u> Identification of needs jointly with future users and strengthening the structuring of vocational sub-sectors.
Delays in mobilizing financing for SMEs and new enterprises	Moderate	Make an early selection of financial partners and agree with them on how to manage the credits.

4.6. Knowledge Building

This project's design process provides the Bank with a source of knowledge on the implementation of a project aimed at strengthening and accelerating the growth of SMEs/SMIs through skills development and support. It is an experiment based on the close coordination of the efforts of private financial institutions, professional organizations, the private sector and the Government. The lessons learned from this experiment will strengthen the Bank's knowledge base in the sector and may be used to improve operations in other contexts. In addition, in-depth sectoral studies carried out on skills needs of trades upstream of the hydrocarbons sector will lead to better knowledge of the required qualifications. Information about this experiment will be made available to the public through the Bank's communication channels.

V – LEGAL FRAMEWOK

5.1. Legal Instrument

The project will be financed by an ADF loan of UA 14.00 million. The project's legal framework will be a loan agreement to be concluded between the Republic of Senegal (the "Borrower") and the Fund.

5.2. Conditions Associated with the Bank's Intervention

5.2.1 **Conditions precedent to effectiveness.** The effectiveness of the Loan Agreement shall be subject to fulfilment, by the Borrower, of the conditions stipulated in Section 12.01 of the *General Conditions Applicable to Loan and Guarantee Agreements (Sovereign Entities)*.

5.2.2 **Conditions precedent to first disbursement of loan resources:** The Fund's obligation to make the first loan disbursement will be subject to the effectiveness of the Loan Agreement, in accordance with the provisions of Paragraph 5.2. 1 above, and to the evidence of fulfilment, to the satisfaction of the Fund, both on form and substance, of the following conditions:

- (i) Provide the Fund with the Order reorganizing the Project Monitoring and Coordination Unit (PMCU)
- (ii) Provide the Fund with evidence of the establishment of the Project Team

5.2.3 Other Conditions: The Borrower shall further provide to the Fund no later than six (6) months after the first loan disbursement

- i) the administrative, financial and accounting procedures manual for the revised project
- ii) the agreements concluded between the project and its partners (ONFP, PSEJ, I.TA, CNCAS, CFPT and Nadji-Bi)
- iii) The site for hydrocarbons construction center

5.3. *Compliance with Bank Policies*

This project complies with all applicable Bank policies. It will be implemented as part of the Bank's operations strategy for Senegal defined in the CSP (2016-2020) approved by the Board, the sector priorities of the Bank for Africa's Development (High Fives), the 2014-2022 Human Capital Strategy and the 2016-2025 Jobs for Youth in Africa Strategy.

VI – RECOMMENDATION

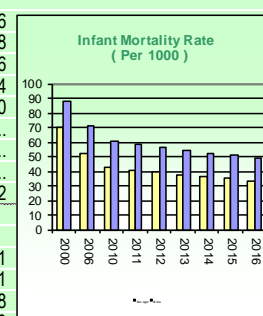
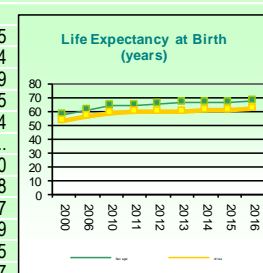
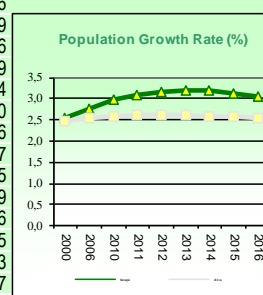
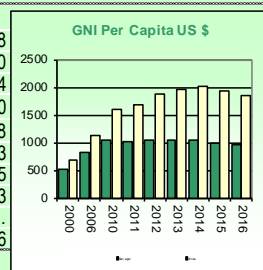
Management recommends that the Board of Directors approves the proposed award of a loan of UA 14 million to the Government of Senegal for the purpose and under the conditions set out in this report.

Annex I Comparative Socioeconomic Indicators of Senegal

Senegal

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Senegal	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2017	197	30 067	94 716	35 018
Total Population (millions)	2017	16,1	1 244,8	6 252,1	1 190,0
Urban Population (% of Total)	2017	43,8	40,5	49,2	81,4
Population Density (per Km ²)	2017	83,4	42,4	66,0	34,0
GNI per Capita (US \$)	2016	950	1 836	4 442	41 208
Labor Force Participation* - Total (%)	2017	57,5	65,8	62,3	60,3
Labor Force Participation** - Female (%)	2017	45,3	55,3	47,8	52,5
Sex Ratio (per 100 female)	2017	96,7	100,2	107,5	105,3
Human Develop. Index (Rank among 187 countries)	2015	162
Popul. Living Below \$ 1.90 a Day (% of Population)	2011	38,0	...	16,3	0,6
Demographic Indicators					
Population Growth Rate - Total (%)	2017	3,0	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2017	3,6	3,5	2,4	0,9
Population < 15 years (%)	2017	43,7	40,8	27,9	16,6
Population 15-24 years (%)	2017	19,4	19,2	16,7	11,9
Population >= 65 years (%)	2017	2,9	3,5	6,8	17,4
Dependency Ratio (%)	2017	87,2	79,6	54,6	52,0
Female Population 15-49 years (% of total population)	2017	24,1	24,0	25,6	22,6
Life Expectancy at Birth - Total (years)	2017	67,7	61,9	70,2	80,7
Life Expectancy at Birth - Female (years)	2017	69,5	63,3	72,3	83,5
Crude Birth Rate (per 1,000)	2017	36,2	33,9	20,6	10,9
Crude Death Rate (per 1,000)	2017	5,6	9,0	7,5	8,6
Infant Mortality Rate (per 1,000)	2016	33,6	49,3	33,1	4,5
Child Mortality Rate (per 1,000)	2016	47,1	72,6	44,3	5,3
Total Fertility Rate (per woman)	2017	4,9	4,4	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	315,0	444,1	237,0	10,0
Women Using Contraception (%)	2017	22,5	37,6	62,1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-15	6,1	41,6	121,6	293,5
Nurses and midwives (per 100,000 people)	2005-15	43,0	120,9	211,3	873,4
Births attended by Trained Health Personnel (%)	2010-16	53,2	55,9	76,6	98,9
Access to Safe Water (% of Population)	2015	78,5	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	47,6	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	0,4	3,6	1,1	...
Incidence of Tuberculosis (per 100,000)	2016	140,0	221,7	163,0	12,0
Child Immunization Against Tuberculosis (%)	2016	97,0	82,1	84,9	95,8
Child Immunization Against Measles (%)	2016	93,0	74,4	84,0	93,7
Underweight Children (% of children under 5 years)	2010-15	18,1	18,1	15,3	0,9
Prevalence of stunting	2010-15	19,4	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015	11,3	17,5	12,3	2,7
Public Expenditure on Health (as % of GDP)	2014	2,4	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-16	82,2	101,7	103,8	102,6
Primary School - Female	2010-16	86,9	98,8	102,2	101,8
Secondary School - Total	2010-16	49,6	51,8	...	106,6
Secondary School - Female	2010-16	49,1	49,7	...	106,4
Primary School Female Teaching Staff (% of Total)	2010-16	32,4	46,0	51,3	81,0
Adult literacy Rate - Total (%)	2010-16	42,8	68,6
Adult literacy Rate - Male (%)	2010-16	52,8	76,0
Adult literacy Rate - Female (%)	2010-16	33,6	61,7
Percentage of GDP Spent on Education	2010-16	7,4	4,9	4,1	5,2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	16,6	8,0	11,3	10,1
Agricultural Land (as % of land area)	2015	46,1	37,4	38,1	35,1
Forest (As % of Land Area)	2015	43,0	21,0	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	0,6	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update : January 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex II. Table of AfDB public sector portfolio in Senegal

Sector / Operation		Approval Date	Amount Approved (UA million)	Amount Disbursed (UA million)	Disbur Rate (%)	Disbursement Deadline
RURAL						
1	Community Roads Project in Support of the National Local Development Programme (PPC/PNDL) - ADF - OPEC	17-July.-13 11-Dec.-13	15.00 6.89	13.19 3.65	87.9 53.0	31-Dec.-18 30-June-19
2	Project to Restore the Ecological and Economic Functions of Lake Guiers (PREFELAG) - ADF - GEF	4-Sept.-13 4-Sept.-13	15.00 0.91	9.85 0.48	65.7 53.4	31- Dec.-18 31- Dec.-18
3	Food Security Support Project in Louga, Matam and Kaffrine Regions. - ADF - GAFSP	26-Apr.-13 26-Apr.-13	2.00 27.56	1.23 16.59	61.4 60.2	31- Dec.-18 31- Dec.-18
4	Rice Value Chain Development Project in the Senegal Valley (PDCV Riz) - PPF	18-May-16	0.55	0.02	4.46	31-March-18
5	Youth Entrepreneurship Development Programme in the Agriculture and the Agri-food Sectors in Senegal (PDEJAS) - PPF	01-June-16	0.81	0.78	95.5	31- May-18
6	Project to Improve the Quality of Climate Information in order to Strengthen the Resilience of Communities in Senegal (FSCD).	17-March-17	0.85	0.01	1.6	31- Dec.-19
Sub-Total			69.57	45.80	65.8	
INFRASTRUCTURE						
7	Dinguiraye-Nioro-Keur Ayib Road Rehabilitation Project (DNK) - ADF	28-May-14	23.77	15.19	63.9	31-Dec.-19
8	RN2 Rehabilitation and Morphil Island Accessibility Project - AfDB	16- Dec.-15	102.17	15.14	14.8	31-Dec -19
9	Cities Modernisation Programme (PROMOVILLES) - AfDB	29-March-17	96.69	5.83	6.0	31-Dec.-21
10	Regional Express Train Project (TER) - AfDB	21-June-17	154.71	17.76	11.5	31-Dec.-21
11	Digital Technology Park Project -AfDB	21-Oct.-15	51.55	1.39	2.7	31-Dec.-20
Sub-Total			428.89	55.31	12.9	
WATER AND SANITATION						
12	Project to Reinforce Multi-Use Water Supply along the Louga-Thiès-Dakar Road from the Keur Momar Sarr Treatment Plant - AfDB	18-nov.-16	54.97	2.94	5.3	30-June-21
13	Improved Management and Recovery of Faecal Sludge in the City of Ziguinchor - AWF	23-Apr.-13	1.06	1.06	100	25- June-18
14	Water and Sanitation Sector Project (PSEA) – ADF - RWSSI	23-Apr.-14 23-Apr.-14	20.00 5.07	7.67 1.97	38.3 38.9	31-Dec-18 31-Dec-18
Sub-Total			81.10	13.64	16.8	
SOCIAL						
15	Project to Support the Promotion of Employment for Youth and Women (PAPEJF) - ADF	23-Oct.-13	21.19	3.45	16.3	30-June-19
16	Senegal Virtual University Support Project (PAUVS) --ADF	18-Dec.-13	3.38	1.14	33.7	30-Aug.-18
Sub-Total			24.57	4.59	18.7	
GOVERNANCE						
17	Private Sector Promotion Support Project (PAPSP) - ADF	10-Sept.-12	4.04	2.96	73.3	31-March-18
18	Legal Assistance in the Mining Sector (ALSF)	30-Sept.-16	0.69	0	0	31-Dec.-18
Sub-Total			4.73	2.96	62.6	
TOTAL			608.86	122.30	20.1%	

* Source: SAP-PS March 2018

Sector Distribution: Infrastructure (70.4%); Water and Sanitation (13.3%); Rural sector (11.4%); Social (4%) and Governance (0.9%)

Senegal: Active private sector window projects as at 31 May 2018

Sector / Operation	Approval Date	Amount Approved (UA million)	Amount Disbursed (UA million)	Disburs Rate (%)	Closing Date
1 Blaise Diagne International Airport (AIBD)	17-Dec.-10	59.20	59.20	100	5-March-29
2 Dakar Toll Road Project - Senior loan	19-July-10	8.01	8.01	100	31-Dec.-25
3 Sendou Power Plant Project - Senior loan	25-Nov.-09	46.51	46.51	100	31- Dec.-24
- Supplementary loan	30-Oct.-15	4.23	4.23	100	
4 Rice Project of Saint-Louis Agricultural Company in Senegal (CASL)	22-June-16	13.28	8.51	64.1	23-March-22
TOTAL		131.23	126.46	96.3%	

* Source: SAP-PS Mars 2018

Active Multinational Projects Involving Senegal as at 31 May 2018

Sector / Operation	Approval Date	Amount Approved (UA million)	Amount Disbursed (UA million)	Disburs. Rate (%)	Disbursement Deadline
RURAL					
1 Programme to Build Resilience in the Sahel (P2RS)	16-Mar.-15	22.25	6.69	30.1	30-June-20
INFRASTRUCTURE					
2 Project for the Construction of the Trans-Gambian Bridge and Improvement of Cross-Border Movement (Loan - Senegal)	16-Dec.-11	3.18	0.01	0.4	31-Dec.-19
3 Rosso Bridge Construction Project (Loan - Senegal)	09-Dec.-16	7.50	0	0	31-Dec.-20
4 OMVG Energy Project	30-Sept.-15	42.50	7.48	17.6	31-Dec.-20
Sub-Total		53.18	7.49	14.1	
TOTAL		75.43	14.18	18.8%	

* Source: SAP-PS March 2018

Sector distribution Infrastructure (70.5%) and Rural sector (29.5%).

Annex III: Major Related Projects Financed by Other Development Partners in Senegal

Projects	Periods	Sources of Financing		Areas of Intervention	Types of Intervention/Activities
		TPF	GOVT.		
Programmes and projects directly involving MFPA					
Sen 028	2013-2018	Lux Dev Cooperation	Counterpart funding	St-Louis, Louga, Matam, Diourbel, Kaolack, Fatick and Kaffrine	Entrepreneurship and youth employment, Development of value chains for the benefit of young people and women, Establishment of platforms for employment promotion, Support for the advancement of young people and women, Support for the implementation of reforms in the area of technical and vocational training
FPEC	2015-2019	World Bank /AFD	Counterpart funding	National level	Financing of urban infrastructure, Support for the productive sector, Upgrading of technical high schools, Development of clusters, Establishment of a fund for the financing of vocational and technical training and specialized certification, Support for the management of the monitoring and evaluation system
APEFE SN 101, 102, 103	2011-2016	Belgium	Counterpart funding	National level	Support for training of trainers schools in programme implementation on the basis of a skills-based approach (SBA)
PQRH2	2012-2018	AFD	Counterpart funding	National level	Construction and equipment of sector-based vocational training centres in response to the needs of the priority sectors of the economy
ESP/EPE	2015-2021	Canadian Cooperation	Counterpart funding	National level	Human resource capacity building in mining and agriculture and reinforcement of equipment
ACEFOP	2016-2020	European Union	Counterpart funding	Kédougou Tambacounda Kolda Sédhiou Ziguinchor	APC implementation Training of trainers Public-Private Partnership (PPP) Dual training Sector studies - Construction/rehabilitation - Renovated apprenticeship - Mobile units - Assistance for self-employment and entrepreneurship - Strengthening the skills of rural assets SME/SMI links
PEFOP	2016-2019	UNESCO	Counterpart funding	Dakar Thiès Ziguinchor	-Public-private partnership as a basis for the development of vocational training reform; - Matching of training with economic demand -Steering of the skills validation process by economic partners; -Promotion of equity and access to vocational training;

					-Establishment of durable and sustainable funding mechanisms for vocational training
RC-IAPDE		Canadian Cooperation		National level	-MFPAA institutional support in the implementation of its sector policy
Programmes and projects indirectly involving MFPAA					
PAPEJF	2013-2017	African Development Bank		Thiès, Casamance naturelle, Fatick, Kaolack, Dakar Banlieu	Promotion of entrepreneurship and development of financing mechanisms for young people and women in rural areas
ADETER	2014-2017	AFD		Saint Louis / Dagana	-Training of apprentices in the following trades: - Manufacture of farm tools and equipment (FOMA) - RMHB outboard motor repair - Agricultural machinery (MEA) - Installation and Maintenance of photovoltaic panels (IMPV) - Irrigation systems - motor pump unit (SI-GMP)
PADIA	2013-2017	Canadian Cooperation		Region of Thiès, Kaolack, Diourbel and Fatick	Training of apprentices and insertion of 1 200 young people
PALAM	2009-2016	IsDB		Diourbel/ Kaffrine	Training of apprentices in the following trades: - Motor mechanics - Masonry - Tailoring - Hairdressing - Building electricity - Processing of groundnut - Plant nursery worker - Carpentry and woodwork - Metalwork
Kora- PRC	2016-2018	AFD and the <i>Frère des hommes</i> NGO		Dakar Thiès and Diourbel	Project for the development of the informal handicrafts sector through the training and integration of young people in Senegal. Training of apprentices in the following trades: -Tailoring -Hairdressing

Annex IV: Summary of the procurement procedure

Catégories	Amount in UA MillionUC						Not financed by the Bank	TOTAL
	SPM Senegal			BMP				
	AOO	AOR	Others	AOO	AOR	Others		
WORKS								
Construction of a Hydrocarbons Training Center	2.25 (2.25)							2.25 (2.25)
Rehabilitation of the Ngaye Mechke Hides and Skins Center	1.05 (0.62)							1.05 (0.62)
Rehabilitation of the Plaza de Ross Bethio	0.53 (0.53)							0.53 (0.53)
Extension of the ITA Incubation Training Center	0.53 (0.53)							0.53 (0.53)
GOODS								
Equipment for Training Centers and Training Centers	2.48 (2.48)							2.48 (2.48.)
Rolling stock	0.33 (0.21)							0.33 (0.21)
IT and office equipment	0.24 (0.24)							0.24 (0.24)
Management software			0.03 (0.03)					0.03 (0.03)
Office furniture			0.02 (0.02)					0.02 (0.02)
TOTAL 1	7.42 (6.85)		0.05 (0.05)					7.50 (6.90)

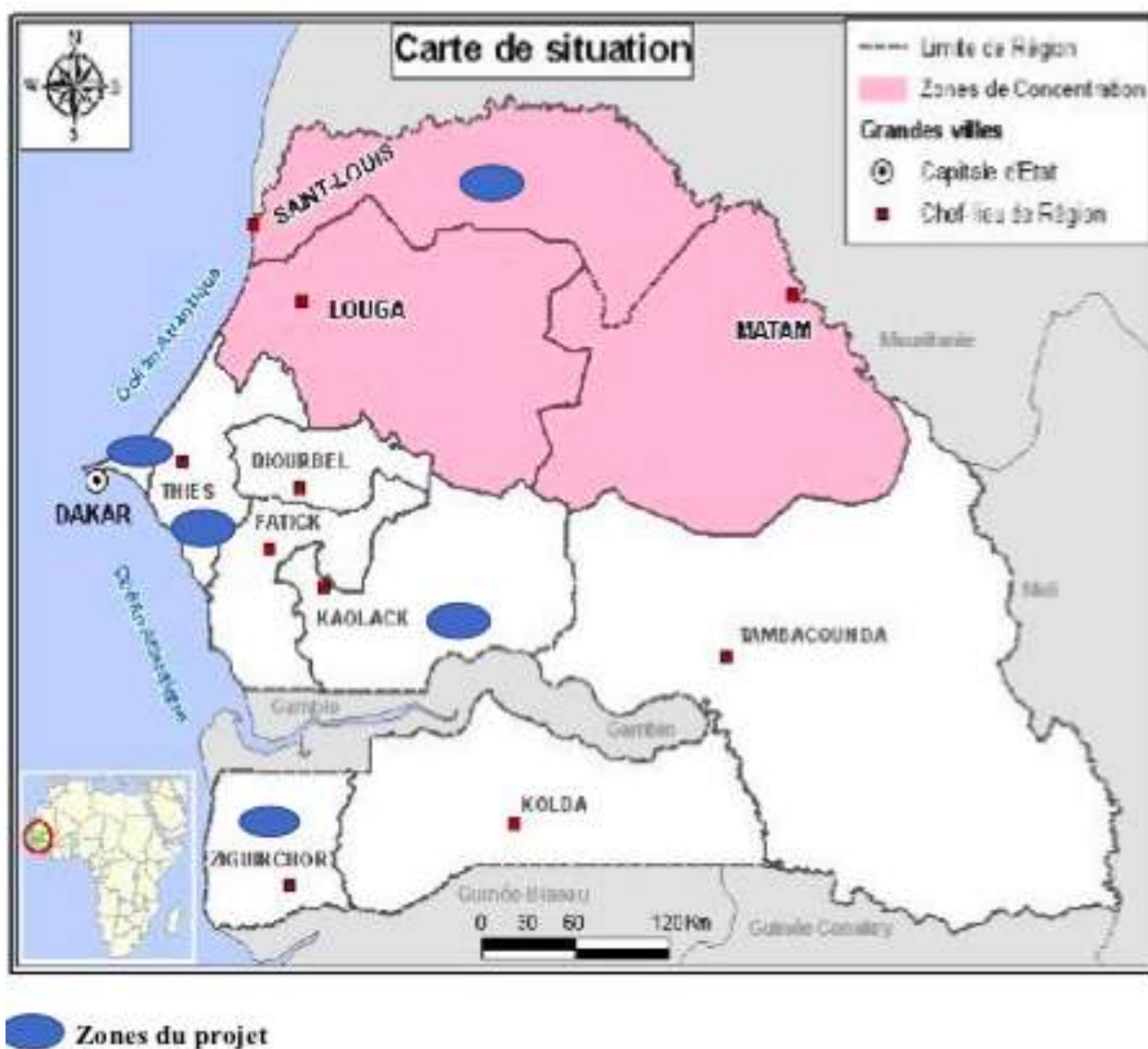
	SPM Senegal			BMP			Not financed by the Bank	TOTAL
	SBQC	SMC / SQC	Others	SBQC	SMC / SQC	Others		
SERVICES								
Studies and works supervision	0.26 (0.26)							0.26 (0.26)
Various studies (oil sector and leather and skins sector)	0.11 (0.11)							0.11 (0.11)
Training of trainers	0.34 (0.34)							0.34 (0.34)
Support to professional organizations and establishment of a collective agreement	0.14 (0.14)							0.14(0.11)
Trades training						0.38 (0.38)		0.38 (0.38)
Training-Incubation of Youth (Solar Energy and Fruit and Vegetables)						0.42 (0.42)		0.42 (0.42)
BME-ADPME-PSEJ Conventions						0.34 (0.34)		0.34 (0.34)
Credit fund for the financing of young project leaders and eligible SMEs / SMIs						2.70 (2.70)		2.70 (2,70)
Accounting and financial audit					0.04 (0.04)			0,04 (0,04)
Procurement audit				0,06 (0,06)				0,06 (0,06)
Preparation of the manual of administrative, financial and			0.02 (0.02)					0.02 (0.02)

	SPM Senegal			BMP			Not financed by the Bank	TOTAL
	SBQC	SMC / SQC	Others	SBQC	SMC / SQC	Others		
accounting procedures and operations manual and completion report								
Mid-term review			0.03 (0.03)					0.03 (0.03)
Training of staff of public administration companies						0.20 (0.20)		0.20 (0.20)
MISCELLANEOUS								
Executing agency operations			1.54, (0.27)					1.54 (0.27)
PPF Advance refund							0.80	
TOTAL 2	0.859 (0.859)		1.54 (1.31)	0.06 (0.06)	0.04 (0.04)	4.04 (4.04)	1.36	7.90 (6.30)
TOTAL GENERAL								15.40 (13.19)
	<p><i>NB:</i> <i>"OTHER" refers to Supplier Consultation, Business Consultations, mutual agreement contracts</i></p> <p><i>Figures in parentheses represent financing by the Bank, ADF or the Nigeria Trust Fund (NTF). This information is entered to match the overall amount of the loan / grant on the chart, although this is not part of the procurement process.</i></p>							

Annex III **Summary of the procurement procedure**

TOTAL 2	0.859 (0.859)		1.54 (1.31)	0.06 (0.06)	0.04 (0.04)	4.04 (4.04)	1.36	7.90 (6.30)
TOTAL GENERAL								15.40 (13.19)
	<p><i>NB:"OTHER" refers to Supplier Consultation, Business Consultations, mutual agreement contracts</i></p> <p><i>Figures in parentheses represent financing by the Bank, ADF or the Nigeria Trust Fund (NTF). This information is entered to match the overall amount of the loan / grant on the chart, although this is not part of the procurement process.</i></p>							

Annex V: Administrative map of Senegal with the project areas of intervention



Warning This map has been drawn by the staff of the African Development Bank exclusively for the use of readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank Group and its members any judgement concerning the legal status of a territory or any approval or acceptance of its borders.

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/SN/2018/68

Adopted by the Board of Directors on a lapse-of-time basis, on 17 September 2018

Loan to the Republic of Senegal to finance part of the costs of the Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors

THE BOARD OF DIRECTORS,

HAVING REGARD TO: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2018/112/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the Loan;

DECIDES as follows:

1. To award to the Republic of Senegal (the “Borrower”), from the resources of the Fund, a loan of an amount not exceeding the equivalent of Fourteen Million Units of Account (UA 14,000,000) (the “Loan”) to finance part of the costs of the Project for Support to Skills Development and Youth Entrepreneurship in Growth Sectors;
2. To authorize the President to conclude a loan agreement between the Fund and the Borrower (the “Loan Agreement”) on the terms and conditions specified in the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities), the Appraisal Report and in particular, the terms and conditions specified herein below:
 - (i) The duration of the Loan shall be thirty (30) years including a grace period of five (5) years (the “Grace Period”) commencing on the date of signature of the Loan Agreement. During the Grace Period, service charge and commitment charge shall be payable;
 - (ii) The Loan shall be amortized over a period of twenty-five (25) years after the expiration of the Grace Period, at the rate of four per cent (4%) per annum, in equal and consecutive semi-annual instalments payable on 15 April and 15 October of each year (each a “Payment Date”), and the first of such instalments shall be payable on the Payment Date immediately following the expiration of the Grace Period;
 - (iii) A service charge at the rate of zero point seventy-five percent (0.75%) per annum on the disbursed and outstanding balance of the Loan shall be payable semi-annually on a Payment Date; and
 - (iv) A commitment charge at the rate of zero point five percent (0.5%) per annum on the undisbursed portion of the Loan shall begin to accrue one hundred and twenty (120) days after the date of signature of the Loan Agreement and shall be payable on a Payment Date;
3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and
4. This Resolution shall become effective on the date above-mentioned.