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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF SENEGAL

FOR THE

NATIONAL RURAL INFRASTRUCTURE PROJECT

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CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (CFAF) (BCEAO) (XOF)
USD 1.00	=	XOF 607
XOF 1.00	=	USD 0,0018

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m^2)	=	10.76 square feet (ft^2)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

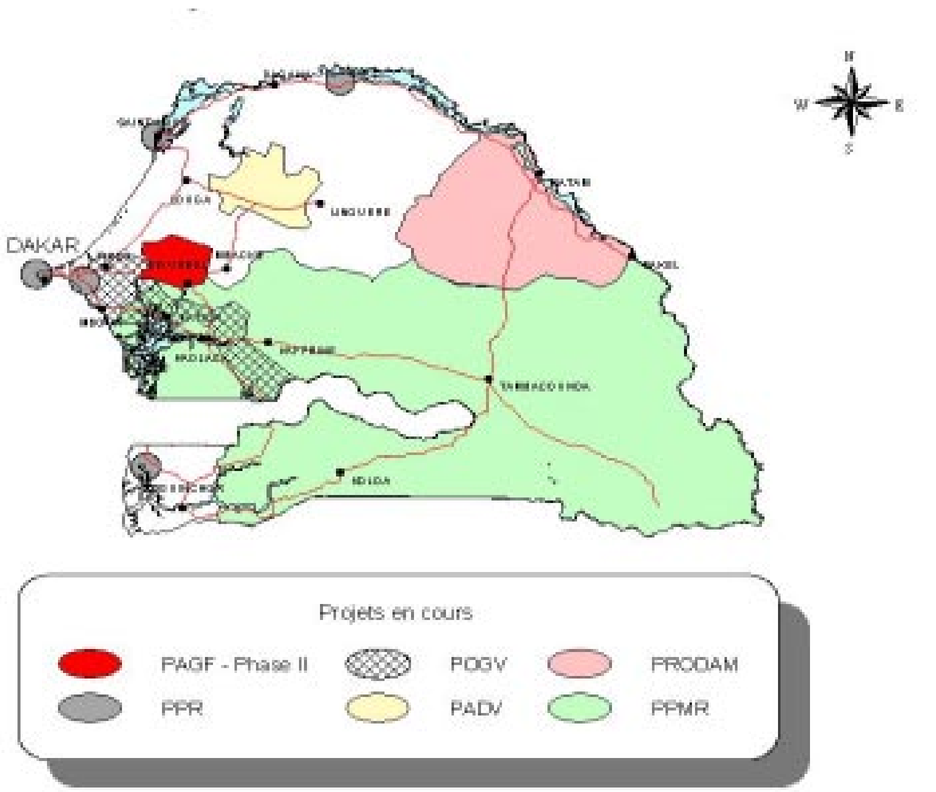
AIP	Annual Investments Plan
APL	Adaptable Programme Lending (World Bank)
CRs	Communauté rurale (Rural Communities)
LIF	Local Investment Fund
IDA	International Development Association
INF	Innovation Fund
LPDRD	Letter of Decentralized Rural Development Policy
M&E	Monitoring and evaluation
NCU	National coordinating unit
NRIP	National Rural Infrastructure Programme (World Bank-initiated)
PSC	Project steering committee
RCUs	Regional coordination units
RIF	Rural Investment Fund
UNDP	United Nations Development Programme

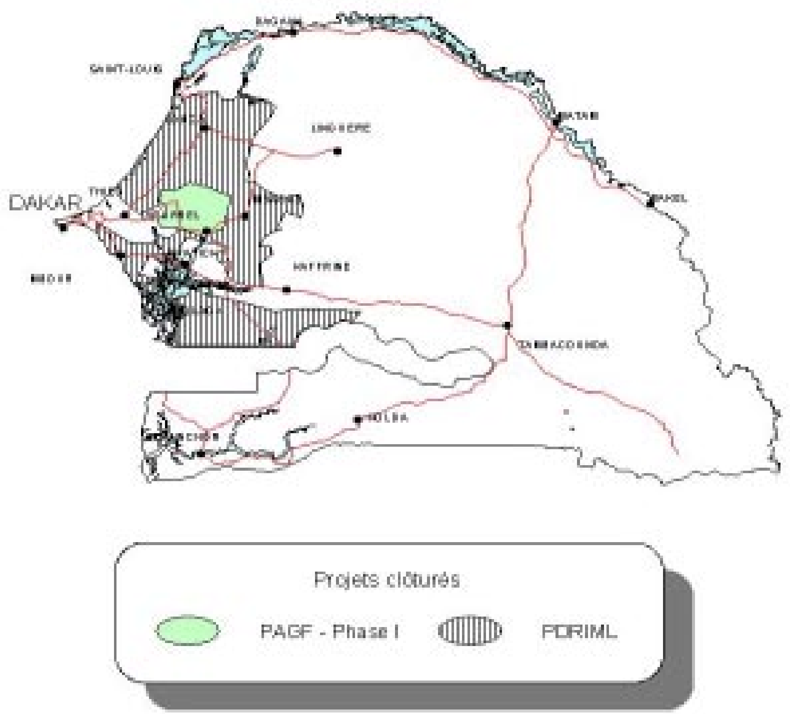
GOVERNMENT OF THE REPUBLIC OF SENEGAL

Fiscal Year

1 January - 31 December

MAP OF IFAD ONGOING PROJECTS



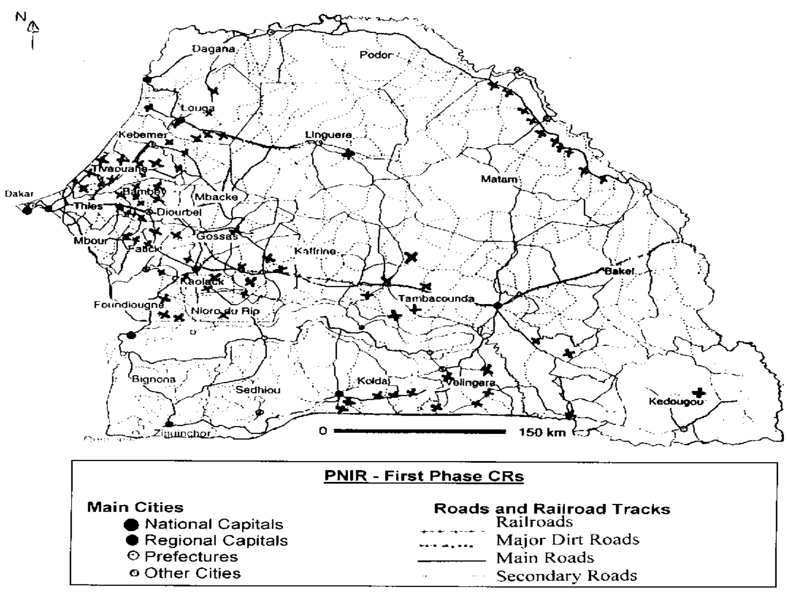


Source: IFAD, 1999

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

MAP OF PROJECT AREA

National Rural Infrastructure Project
First Phase CRs



Source: Ministry of Agriculture, 1999

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REPUBLIC OF SENEGAL

NATIONAL RURAL INFRASTRUCTURE PROJECT

LOAN SUMMARY

INITIATING INSTITUTION:	World Bank/International Development Association (IDA)
BORROWER:	Republic of Senegal
EXECUTING AGENCY:	Ministry of Agriculture
TOTAL PROJECT COST:	USD 42.9 million
AMOUNT OF IFAD LOAN:	SDR 5.4 million (equivalent to approximately USD 7.5 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	IDA
AMOUNT OF COFINANCING:	USD 28.5 million
TERMS OF COFINANCING:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
CONTRIBUTION OF THE BORROWER:	USD 4.3 million
CONTRIBUTION OF THE BENEFICIARIES:	USD 2.5 million
APPRAISING INSTITUTIONS:	IDA/IFAD
COOPERATING INSTITUTION:	IDA

PROJECT BRIEF

Who are the beneficiaries? The first phase of the World Bank-initiated long-term programme will target 90 rural communes chosen from among the poorest in the nine rural regions of Senegal. Seventy-eight per cent of the poor in Senegal live in rural areas, where the average incidence of poverty is about 40%, as compared with 16% in urban areas. The rural population to benefit from the project is estimated at nearly two million people, more than half of whom are currently poor.

Why are they poor? The main reason for high poverty levels in rural Senegal are: (a) serious degradation of the natural resource base; (b) limited coverage and low quality of farmer-support services; (c) limited access to product and factor markets, due in part to a highly deficient road system and the poor state of village access roads; (d) low labour productivity, due to the limited access to social infrastructure and services (health, education, potable water, etc.); and most importantly (e) lack of effective participation of rural populations in decision-making for rural development.

What will the project do for them? The project will operationalize decentralized rural development processes, including matched grant funding aimed at providing target rural communities with basic social and economic infrastructure. The project will: (a) support the decentralization and fiscal reform process; (b) strengthen the capacity of rural communities and local governments to plan, prioritize, manage, and maintain community-based infrastructure; and (c) provide funding for demand-driven community-based rural infrastructure that is managed in a sustainable way. The resulting community infrastructure, combined with critical improvements in the access of communities to the national road network, will revitalize the local economy and provide enhanced opportunities for income and employment generation, especially for local artisans, small-scale entrepreneurs and labourers, who will be contracted for infrastructure construction and rehabilitation.

How will the beneficiaries participate in the project? The project's participatory process for identification of needs, priority setting, decision-making and management will ensure that the infrastructures to be funded correspond to the highest priorities of each rural community; and that they will benefit the majority of its population. A central tenet in project design is ensuring the proper representation of the vulnerable and/or marginalized groups (young, women, castes and refugees) in the identification, design and implementation of community development plans. The formal inclusion of these groups in the local community development committee, and in the microproject implementation and maintenance committees, will enhance responsiveness to the needs of these groups, and ensure that the local elite do not monopolize project benefits. The effective participation of these groups will be a part of the eligibility criteria of rural communes for funding under the project. Detailed mechanisms for such participation have been agreed to by the Government, and will be closely monitored during implementation, and will condition funding for an eventual second phase.

REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE REPUBLIC OF SENEGAL FOR THE NATIONAL RURAL INFRASTRUCTURE PROJECT

I submit the following Report and Recommendation on a proposed loan to the Republic of Senegal for SDR 5.4 million (equivalent to approximately USD 7.5 million) on highly concessional terms to help finance the National Rural Infrastructure Project. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the International Development Association (IDA) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY[1]

A. The Economy and Agricultural Sector

1. Senegal covers an area of 196 722 km^2 and has a population of about 9 million, which is growing at an annual average of 2.8%. The urban population, estimated at about 45%, is increasing annually at 4%. The United Nations Development Programme's (UNDP) Human Development Index for Senegal is low, placing it 158th out of the 175 countries it covers. In 1997, life expectancy at birth was about 52 years, and infant, infant-juvenile, and maternal mortality stood, respectively, at 81/1 000, 154/1 000 and 510/100 000. Primary school enrolment was 60% overall, and 53% in rural areas. The overall adult literacy rate is very low; it is 33% for the region and even lower, at 23%, for women.

2. The 1994 Poverty Assessment Study highlighted the severity of poverty in Senegal, indicating that more than a third of the total population live below the poverty line. It also showed that poverty has remained an essentially rural phenomenon, with an incidence of 40% in rural areas, as compared to 16% in urban centres. As a result, nearly 78% of poor Senegalese live in rural areas. The geographic distribution of rural poverty reflects high variability across the administrative regions.

3. Rural poverty is aggravated by very low indicators of human development and access to essential services for rural populations. In 1992, the infant mortality rate was 102 in rural areas versus 70 in urban centres, while the primary school enrolment rate was 38 and 98%, respectively, for rural and urban areas. Basic health care was accessible for only 27% of the rural population; the majority of rural women had no access to prenatal care (53%), as opposed to about 5% for urban women. In 1997, only about 38% of rural households had access to safe water, as compared to 79% for urban ones. Furthermore, because of serious deficiencies in the rural roads system and the rudimentary conditions of village access roads, the large majority of rural populations live in enclaved areas.

4. Over the past five years, and following the 1994 CFAF devaluation, the Government has successfully implemented far-reaching macroeconomic and sector policy reforms. The key reforms focused on liberalizing the economy and disengaging the state from production and marketing. The Government also made efforts to control overall budget expenditures while maintaining those

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[1] See Appendix I for additional information.

pertaining to the social sectors. The Government also adopted a series of far reaching institutional reforms in 1996 that aimed at furthering decentralization. This has transferred key local development responsibilities to elected local governments, the urban and rural communes.

5. Economic growth resumed after the 1994 devaluation and the accompanying economic reforms, rising from 2% per year in 1994 to about 5% per year for the 1995-97 period. After a devaluation-driven high of 32% in 1994, inflation was brought down to about 3% in 1996 and 1997. The country's export performance improved, and coupled with decreases in imports, led to a 19% reduction of the trade deficit. The Government's budget deficit was reduced for the same period from 6 to 2% of the gross domestic product (GDP), while the external deficit fell from 10 to 6% of GDP. Senegal may be eligible for support under the new Heavily-Indebted Poor Countries (HIPC) Debt Initiative.

6. Much of the population, including a part of the urban, still depends on agriculture and agriculture-related activities for its livelihood. The agricultural sector (understood in the large sense, as comprising crop production, livestock, forestry and fishing) contributes only one fifth of GDP, but employs two thirds of the economically active population: it constitutes the main source of export earnings for the country. The large majority of agricultural producers are smallholders, who farm land under customary tenure arrangements, apply traditional rotation systems and combine some cash farming along with food production for home consumption. Rainfed farming and livestock nomadic practices predominate, with an extremely limited use of modern inputs. The natural resource base is precarious and is threatened by declining rainfall averages and soil degradation due to ever-increasing demographic pressure.

7. Sector reforms since 1994 have chiefly concerned the following: the disengagement of the state from rice and groundnut marketing; the privatization and restructuring of public enterprises involved in agriculture; the elimination of state subsidies on agricultural credit and farm inputs; and the transfer to professional organizations of some functions previously assumed by the public sector, such as the provision of extension services. Despite these reforms, overall sector performance is poor with an average growth rate below 1.5% per year for the 1990-97 period. The exception is export crops. Low sector response and stagnant productivity in rural areas are the result of persisting major structural constraints, the most important being: (a) serious degradation of the natural resource base; (b) limited coverage and low quality of farmer-support services; (c) limited access to product and factor markets, due in part to a highly deficient road system and the poor state of village access roads; (d) low labour productivity, due to the limited access to social infrastructure and services (health, education, potable water, etc.); and most significantly (e) the lack of effective participation of rural populations in decision-making for rural development.

B. Lessons Learned from Previous IFAD Experience

8. **The IFAD portfolio in Senegal.** To date, IFAD has financed a total of eight projects in Senegal for a total loan amount of SDR 58.7 million (equivalent to USD 80.0 million). Three of these projects have closed: the Integrated Rural Development Project of M'bour Louga; the Agro-Forestry Development Project; and the Second Small Rural Operations Project. The Village Organization and Management Project is due to close end of 1999. Ongoing projects include: the Agricultural Development Project in Matam; the Rural Micro-Enterprises Project; the Village Management and Development Project; and the Agroforestry Project to Combat Desertification.

9. **Main lessons learned.** These projects have given IFAD considerable experience in community-based rural development. Key lessons learned from these and other IFAD projects in the region are the following: (a) beneficiaries and their local institutions need to be at the centre of the development processes and fully involved in the definition and implementation of their local development programmes; (b) community-based rural development requires a long-term, phased

approach of at least a decade, thus allowing learning-by-doing to bear fruit; (c) support to income-generating activities has little chance of success, unless critical social and economic infrastructure is first made available to rural communities; and (d) projects with a large number of objectives and activities are generally too complex to implement and run a high risk of failure. Project design reflects these lessons.

C. IFAD's Strategy for Collaboration with Senegal

10. **Senegal's policy for poverty eradication.** A countrywide consultative process was undertaken in 1996. It revealed that the priority needs of the rural population were primarily improved access roads, drinking water, access to health and education services, and improved economic opportunities in rural areas. The population also expressed a strong desire to participate in the key decisions affecting local development, and a commitment to assume an increased share in the funding of local development plans.

11. Within the context of its overall development strategy, as articulated in the Ninth Economic and Social Development Plan, the Government drafted, with the participation of civil society, a Letter of Decentralized Rural Development Policy (LPDRD). The LPDRD sets out long-term strategy for promoting sustainable and equitable economic growth in the rural sector, as a means for effective rural poverty reduction. The key objectives of the strategy are to: (a) ensure effective implementation of the decentralization policy; (b) promote partnerships between the various actors involved in the participatory local development planning process to facilitate the broadening of the decision-making platform; (c) ensure an increased and predictable flow of resources for investments in community-based social and economic infrastructure; and (d) strengthen the capacity of rural communities to assume full responsibility for local development planning and implementation.

12. **The poverty eradication activities of other major donors.** There are a large number of poverty alleviation programmes in rural Senegal. Most are based on decentralized and participatory approaches, in which community investments are demand-driven. In this context, the Canadian International Development Agency (CIDA) is spearheading efforts to decentralize fiscal and financial management procedures. Bilateral donors, such as France and Germany, the European Union, the UNDP and others, are funding or plan to fund other decentralized rural development programmes. The Government and donors agree on the following principles, reflected in the Government's LPDRD: (a) the National Council for the Development of Local Entities (CNDCL) will establish a monitoring and evaluation (M&E) system of all such programmes; and (b) the Government will, after a period of four to five years, during which time the various programmes will test different approaches to decentralized rural development, adopt a harmonized approach to decentralized rural development programmes.

13. **IFAD's strategy in Senegal.** IFAD's strategy for Senegal, spelled out in the Country Strategic Opportunities Paper, adopted in March 1998, reflects the lessons learned and builds on two pillars: the strength of human resources and the opportunities offered by growing diversified markets. It supports the Government's goal of reducing poverty by focusing especially on the vulnerable and marginalized groups in rural areas. In addition, the strategy focuses on: (a) capacity-building; (b) grass-roots organizations; (c) better use of limited natural resources; (d) better use of existing infrastructures; and (e) support for decentralization. It is to be implemented through: (a) the consolidation of successful IFAD-initiated investments; (b) selected cofinancing of those interventions by other donors with national scope and/or policy implications; and (c) funding for the development of innovative interventions and improvements in the implementation of ongoing projects. With respect to infrastructure, IFAD will focus its own initiated projects on rehabilitation and will seek cofinancing arrangements with other donors for heavy investments in new infrastructures. The National Rural Infrastructure Programme (NRIP), a long-term programme slated by the World Bank for funding under its Adaptable Programme Lending (APL) instrument, has important policy implications, and

responds to these key orientations. It will constitute a key instrument for the implementation of the Country Strategic Opportunities Paper.

14. **Rationale for IFAD involvement.** The NRIP will be implemented in three phases: (a) initiation; (b) expansion; and (c) graduation. Since this is the first operation on decentralized rural development in Senegal, it is important for IFAD to condition funding of subsequent stages of the programme on the achievement of key triggers, one of which pertains to the participation of its target groups in NRIP's decision-making and benefits. This will also provide IFAD with increased leverage for the design of the subsequent phases. Hence, the IFAD loan will only cover the first four-year phase (the "project"), instead of following the Flexible Lending Mechanism (FLM).

15. The programme addresses the critical issues of improved local governance and empowerment of rural populations. The approach will be based upon the principles of effective decentralized rural development, with rural populations and their decentralized institutions at the centre of the planning and implementation. This will lead to: (a) increased resources for rural development; (b) improved and adequate basic rural infrastructures to meet the priority needs of rural populations; (c) reduced unit cost of providing rural infrastructures, thereby increasing the economic efficiency of development expenditures; and (d) enhanced governance through greater transparency and accountability.

16. This will be the third IFAD cofinancing of a decentralized rural development programme initiated by the World Bank in West Africa. As with the Village Infrastructure Programme in Ghana and the Village Communities Support Project in Guinea, it presents an opportunity for IFAD to link, within its country portfolio, rural policy, rural infrastructure, and support to income-generating activities. By cofinancing NRIP, IFAD will be able to ensure that: (a) the institutional and policy reforms undertaken under such a programme take into account the concerns of its target groups; and (b) its target groups are key actors in the participatory decision-making to be established by NRIP at the decentralized level. This will ensure that their priorities are reflected in the type and location of the community infrastructure. IFAD's involvement in NRIP complements the support it provides under its other operations to village grass-roots organizations, whose effective participation in local development processes will help create greater accountability and transparency of local governments.

PART II - THE PROJECT

A. Project Area and Target Group

17. The project will cover 90 rural communes chosen from all nine rural regions of Senegal. Rural populations from the poorest areas and with the lowest availability of basic infrastructure will be targeted. The menu of eligible infrastructures includes health, educational and sanitary facilities, potable water and access roads. It will benefit all rural groups, but is strongly biased in favour of women and children. The participatory processes for identification of needs, priority-setting, decision-making and management will ensure the formal representation of IFAD's target groups, the traditionally marginalized and vulnerable groups, thus enhancing responsiveness to their needs. These processes will also ensure that local elite do not monopolize project benefits. Full and effective participation of these groups will be an eligibility criteria of each rural community (CR) for funding under the NRIP, and will be closely monitored. It also constitutes one of the triggers for passage to the second phase of the APL, and will be a key consideration in determining the opportunity for potential IFAD funding of a second phase.

B. Objectives and Scope

18. The overall programme aims at promoting decentralized rural development and strengthening local governance. Its long-term vision is one of local communities and their representative local governments planning and managing their own development programmes, and mobilizing necessary

resources through increased intergovernmental fiscal transfers and local revenue generation. More specifically, the objectives of the project are to: (a) improve the regulatory, institutional, and fiscal framework for decentralized rural development; (b) establish participatory mechanisms for funding and implementing rural community investment programmes; and (c) increase the access of poorer rural communities to basic social and economic infrastructure.

C. Components

19. To achieve its objectives, the project will: (a) support the decentralization and fiscal reform process; (b) strengthen the capacity of rural communities and local governments to plan, prioritize, manage and maintain community-based infrastructure; and (c) provide funding for demand-driven community-based rural infrastructure that is managed in a sustainable way. The project will have four components: (a) support for decentralized rural development; (b) local investment fund; (c) community roads programme; and (d) project coordination and M&E.

20. **Support for decentralized rural development.** This component aims to support and strengthen the institutional, financial and human resource capacity of local government in the rural areas. It will rationalize the legal and regulatory framework that governs the environment for local development. The component includes three clusters of activities. The first will support the Government's efforts at fiscal reform and improve financial management in rural areas. The second will strengthen the local governments' ability to manage better the local development process and improve their responsiveness to community needs. The third will focus on strengthening M&E and the analytic capacity of the National Council for Local Community Development, and will also provide support to the Association of Presidents of Rural Communes.

21. **Local investment fund (LIF).** This component will be the mechanism for transferring financial resources to the local communities to fund, on a matching grant basis, priority community-based public infrastructure. LIF implementation will be based on the manual of operations and procedures prepared during the preparation process and currently being tested on five pilot CRs. The LIF will have two financing windows: the rural investment fund (RIF) and the innovation fund (INF). The RIF will fund basic community social infrastructure, such as health, education, sanitary and potable water facilities, and works critical to the access of communities to the local and national roads network (village access roads, small bridges and drifts, etc.). The INF will serve to test improved implementation procedures for LIF funding, and broaden the menu of eligible projects to other types of public community-based investments, including natural resource management and productive investments.

22. **Community roads programme.** This component seeks to: (a) improve the access of isolated rural communities based on a service-level approach to rural transport infrastructure; (b) establish a sustainable system for rural roads management and maintenance; and (c) assist the National Rural Engineering Directorate of the Ministry of Agriculture to define its missions, reinforce its capacity to respond to NRIP-identified priority programmes in the areas of rural transport infrastructure, environmental mitigation and community-based micro-irrigation schemes.

23. **Project coordination and monitoring and evaluation.** This fourth component will include: (a) project coordination, oversight and financial management, including the establishment and operation of national and regional coordination units; and (b) the establishment and operation of an effective M&E system to be used as a management tool.

D. Costs and Financing

24. The total costs of the project, including physical and price contingencies, have been evaluated at USD 42.9 million, to be financed with an IDA credit of USD 28.5 million, an IFAD loan for USD 7.5 million, the rest being financed by the Government (USD 4.3 million) and by the contributions of CRs and beneficiaries (USD 2.5 million), under a LIF-matched grant funding of community microprojects. The Islamic Development Bank (IsDB) has expressed interest in cofinancing the operation. Its eventual share will be deduced from planned World Bank and IFAD funding.

TABLE 1: SUMMARY OF PROJECT COSTS[a]
(USD million)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
Support for decentralized rural development	6.9	3.0	9.9	30	25
LIF	2.2	10.1	12.4	82	32
Community roads programme	3.7	6.3	10.0	63	26
Coordination and M&E	4.2	1.3	5.5	24	14
Project Preparation Facility (PPF)	-	1.3	1.3	100	3
Total base costs	**17.1**	**22.1**	**39.1**	**56**	**100**
Physical contingencies	0.4	0.8	1.1	67	3
Price contingencies	1.1	1.5	2.6	58	7
Total project costs	**18.5**	**24.3**	**42.9**	**57**	**110**

[a] Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN[a]
(USD million)

Components	IFAD		IDA		Government		Beneficiaries		Total		For. Exch.	Local (Excl. Taxes)	Duties and Taxes
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%			
Support for decentralized rural development	2.1	19	7.3	73	1.3	12	-	-	10.7	25	3.3	6.7	0.7
LIF	2.2	16	8.7	66	-	-	2.4	18	13.3	31	10.9	2.4	-
Community roads programme	**2.1**	**18**	**7.3**	**63**	2.1	18	0.1	1	11.6	27	7.4	2.2	2.0
Coordination and M&E	1.1	19	4.0	66	0.9	15	-	-	6.0	14	1.5	3.8	0.7
PPF	-	-	1.3	100	-	-	-	-	1.3	3	1.3	-	-
Total disbursement	**7.5**	**18**	**28.5**	**66**	**4.3**	**10**	**2.5**	**6**	**42.9**	**100**	**24.3**	**15.1**	**3.4**

[a] Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

25. **Procurement.** Civil works for the rehabilitation and maintenance of community roads will be executed under lump sum contracts by small and medium-sized enterprises. Contracts exceeding USD 300 000 are not anticipated. Therefore, all civil-works contracts costing more than USD 50 000 per contract, up to an aggregate amount of USD 9.3 million, will be procured through national competitive bidding (NCB), in accordance with national procedures. Small civil works for CRs'

community infrastructure costing less than USD 50 000 each, up to an aggregate amount of USD 13.3 million, will be procured under lump sum fixed price contracts. The procedure for the procurement of small works has been agreed to by the Government, and is described in the procedures manual to be approved by IFAD as a condition for credit and loan effectiveness. Procurement for vehicles, equipment, materials and furniture will be grouped, wherever possible, into bid packages of at least USD 100 000 equivalent. These packages will be awarded on the basis of international competitive bidding (ICB). Contracts for office equipment and materials available locally that cost less than USD 100 000 equivalent, but more than USD 30 000 equivalent, up to an aggregate amount of USD 0.3 million, will be awarded through NCB procedures acceptable to IDA. Small quantities of such goods, which can not be regrouped into packages of at least USD 30 000, will be procured through prudent local shopping, provided the aggregate amount does not exceed USD 100 000 over the four years of the project.

26. Procurement of consulting services will generally be based on quality and cost-based selection (QCBS) through competition among qualified, short-listed firms. Large consultant contracts above USD 200 000 will be advertised in *Development Business*. For audits (financial and technical audits) and other services of a standard nature, the least-cost selection (LCS) will be the most appropriate method — the firm with the lowest price being selected, provided its technical proposal received the minimum qualifying score. Consultant services for small studies and construction supervision (estimated to cost less than USD 50 000 per contract and up to an aggregate amount of USD 0.3 million) will be based on the consultants' qualifications. Services for seminars and small studies that can be delivered by individuals will be selected by comparing qualifications among individual consultants. Single source selection will only be used for the selection of simple contracts under USD 5 000, and for local community support services, such as technical assistance and training, provided the aggregate amount does not exceed the equivalent of USD 100 000 over the life of the project.

27. **Disbursements.** The IFAD loan will be disbursed over a period of four years from the date of effectiveness. All applications to withdraw proceeds from the loan will be fully documented, except for contracts not subject to prior review by IDA. For the rest, disbursements will be made against statements of expenditure certified by the national coordinator and the chief of administration and finance of the national coordinating unit (NCU). Supporting documentation will be retained by the executing agencies and will be available for review as requested by IDA supervision missions and programme auditors.

28. **Accounts and audits.** To expedite disbursements and ensure that project funds will be available when needed, especially for the LIF component, the Government will open in a commercial bank acceptable to IDA and IFAD one special account to be managed by an authorized representative of the borrower. The authorized balance will be of USD 2 000 000 equivalent, representing the IDA and IFAD-anticipated share of eligible expenditures for four months. The IFAD-authorized allocation will be CFAF 350 000 000. Replenishments of the special account will be made on the basis of monthly applications, supported by full documentation of statements of expenditure as required and verified by the project's NCU.

29. The Government will also open a project account to cover its counterpart contribution to the project, to be used exclusively to meet the Government's share of expenditures under the project. The establishment of this account will be a condition of loan effectiveness.

30. Project accounts and Special Accounts A and B will be audited annually by an internationally reputable audit firm acceptable to IFAD. The audit firm will provide a specific opinion on the procedures of contracting to implementing partners, the accountability of such partners and the management of project resources by them. It should also include a separate opinion on the utilization

of the special accounts and the statements of the expenditures. The report will be submitted to the Government and to IFAD within six months after the close of the fiscal year.

F. Organization and Management

31. **Overall organization and oversight and coordination**. The organizational structure of the project will be based on existing institutions at both the central and local levels. Project oversight and orientation will be the responsibility of a project steering committee (PSC) under the presidency of the Prime Minister, and composed of representatives from the implementing partners and key stakeholder groups. The PSC will organize at least one annual joint meeting with the Government and the donors participating in project financing. The meeting will: (a) review the proposed annual work programme and budget; (b) review implementation status and progress towards the achievement of project activities; (c) decide on necessary corrective actions for more effective implementation; and (d) coordinate the various projects in the domain of decentralized rural development. The PSC will provide a forum for facilitating interdepartmental coordination on NRIP-related issues, especially with respect to basic education, health, water and roads.

32. A small-sized project NCU, established under the authority of the Ministry of Agriculture,[2] will be responsible for overall management and coordination of project activities and harmonizing the M&E systems of the project components. The NCU will be the secretariat of the PSC, and will be responsible for preparing consolidated activity programmes and budgets, as well as quarterly and annual activity and budget progress reports.

33. **LIF implementation arrangements.** The NCU will have, along with the CRs, direct implementation responsibilities for the second component, the LIF. At the regional level, a regional project coordinator will approve the CR's requests for funding under LIF and ensure implementation of the regular M&E programme. Approval will only be based on eligibility criteria and procedures defined within the LIF procedures manual. The CRs will ensure oversight of the implementation of community infrastructure microprojects eligible for LIF funding. They will be responsible for: consolidating an annual investments plan (AIP) based on microprojects identified and prioritized by the village communities; requesting LIF funding for the approved AIPs; and preparing regular progress reports on their implementation. A local development committee, to be established by each participating CR, will be comprised of elected local officials and of representatives of the different social and economic groups, including those of women and other vulnerable and marginalized groups. The committee will be responsible for approving the AIPs, reviewing implementation progress, mobilizing the contributions of the CRs and local communities to AIP funding; and assuring the transparency of procurement and financial management. Identification and pre-selection of microprojects at the village and district level will be facilitated by outreach workers, made available by implementing partners on a contractual basis. Outreach activities will help the community's different social and economic groups reach a consensus regarding their priorities for basic community infrastructure.

34. **Other implementing arrangements.** The implementation of the first component, support for decentralized rural development, will be the responsibility of the Ministry of Interior and Decentralization, the ministry currently responsible for decentralization. The implementation of the third component, community roads programme, will be along the same lines as those for the LIF, with the CRs determining the level of service and roads rehabilitation programme within their annual allocation for this component.

[2] The Ministry of Agriculture is responsible for rural policy formulation and monitoring, and has been in charge of NRIP preparation activities. It will act principally as a facilitator, and will not be involved in the daily operations of NRIP.

35. **Monitoring and evaluation (M&E).** The objective of the M&E system is to respond to the internal management and supervision needs of all the project's stakeholders, the steering committee and donors, including the Government. The functions of the project's M&E will be properly separated. On the other hand, monitoring is an internal management tool and will be developed and used by the executing agencies. Evaluation, on the other, will be conducted by external service providers.

36. The monitoring system to be established with Special Operations Facility (SOF) funding by IFAD, will be organized as a network with each executing agency in charge of monitoring its own activities. The NCU will maintain a consolidated system through an M&E unit headed by a national M&E specialist, recruited under contract. He/she will process and analyse the information submitted by the different executing agencies and by the regional M&E specialists, and prepare consolidated progress reports to be submitted twice a year. Each executing agency will submit its own progress report for its component to the NCU no later than one month following the end of each semester. The national M&E specialist will incorporate these individual reports into a consolidated progress report for the entire project.

37. Independent performance evaluations of the project will be conducted every two years. They will focus on: (a) the assessment of the effect of project activities on beneficiaries, with a particular focus on vulnerable groups; and (b) an operational audit of the project. The project cofinanciers will conduct mid-term and end-of-the-project reviews, to be based in part on the results and recommendations of the evaluations indicated above, and provide the basis for adjustments for more efficient implementation.

38. **Financial management.** The financial management of the project will be under the responsibility of the NCU and the regional coordination units (RCUs). Separate and consolidated accounting records will be maintained at the central level by designated financial staff. In addition to maintaining the accounts at the central level, the NCU will be responsible for: (a) the consolidation of the project accounts and the production of the annual financial statements; (b) managing the two special accounts; (c) coordinating budget preparation and monitoring for all components; and (d) ensuring that the audits are done and that the audit reports are sent to the Government, IDA and IFAD. The RCUs will be responsible for maintaining and reporting to the NCU on the accounts at the regional level. The CRs will also keep complete accounts for all activities funded under the project. As a condition of loan effectiveness, a sound financial management system, including an accounting manual will be established at the NCU, RCU and rural community levels. Coordination mechanisms between these three levels will be developed in the accounting manual.

G. Economic Justification

39. **Expected benefits.** The proposed project will focus on institutional reforms, capacity-building of rural community institutions, improved linkages of rural communities to the national roads system and funding of mostly social, community-based rural infrastructures. Although the major types of these infrastructures are known, the beneficiaries will determine their scope and mix. Hence, a classical cost-benefit analysis of the project was not feasible.

40. However, expected benefits for rural populations can be identified qualitatively. They include: (a) increased opportunities for income generation, due to improved access to product and factor markets; (b) improved productivity of human capital, due to increased access to basic education, health and sanitation facilities and services; and (c) savings in time and effort that women and children currently spend fetching drinking water. More generally, the resulting community infrastructure, combined with critical improvements in the communities' access to the national roads network, will help revitalize the local economy. Opportunities for income and employment will be created by contracting out the construction and rehabilitation of rural infrastructure.

41. Finally, the active involvement of village communities in prioritizing, implementing and operating and maintaining LIF-funded microprojects, will result in the selection of those most socially and/or economically viable; it will maximize cost savings and ensure transparency, leading to enhanced cost-effectiveness and improved social efficiency of public expenditures in rural areas.

42. **Beneficiaries.** The first phase will target rural populations from the poorest regions and with the lowest availability of basic infrastructure. The project's participatory process for identification of needs, priority setting, decision-making and management will ensure that the infrastructures to be funded correspond to the highest priorities of each rural community, and that they will benefit the majority of its population. The resulting community infrastructure, combined with critical improvements in the communities' access to the national road network, will revitalize the local economy and provide enhanced opportunities for income and employment generation, especially for local artisans, small-scale entrepreneurs and labourers, who will be contracted for infrastructure construction and rehabilitation.

43. The project will seek to ensure the proper representation of vulnerable and/or marginalized groups (women, youths, castes and others) in the identification, design and implementation of community-development plans. This will be done first through the participatory village and district level identification and selection of microprojects. The formal inclusion of these groups in the CR-level project management committee, and in the specific microproject implementation and maintenance committees, will broaden the decision-making base, enhance responsiveness to the needs of these groups and ensure that the local elite do not monopolize project benefits.

44. **Gender impact.** The menu of community infrastructure eligible for LIF funding will heavily favour the ones that are most beneficial to women; education facilities will encourage school enrolment of girls; health facilities will reduce the incidence of maternity-related complications and mortality; potable water facilities will greatly reduce time and hard work previously spent on fetching water; and improved access roads will facilitate the marketing of farm products, thus enhancing opportunities for income generation for both men and women.

45. **Sustainability.** By strengthening CR capacity, setting up systems for government transfers and creating a conducive institutional framework, the NRIP will ensure the sustainability of the institutional structures and fiscal resources after it comes to completion. Sustainability is further enhanced because: (a) recurrent costs for administration will be relatively low, as implementation will rely on existing institutions, competitive contractual arrangements and simplified and standardized preparation, costing and evaluation procedures for sub-projects; (b) mechanisms to ensure transparency and accountability have been incorporated into the project's implementation procedures; and (c) adequate maintenance arrangements are a necessary precondition to the proposed construction of any microproject. The clarification of the roles and obligations of each party involved in local development will enhance the sustainability of the effort and will serve to improve the interface between decentralized services and civil society.

H. Risks

46. The main anticipated risks will be that: (a) the Government does not honour its commitment to decentralization and participatory rural development; (b) local governments do not operate with transparency and accountability, and are subjected to political interference; (c) local governments do not establish successful mechanisms for collecting local taxes and mobilizing other local resources to provide matching funds to implement their communities' investment plans; and (iv) CR decisions do not take into account the interests of women and other vulnerable groups. Intensive joint supervision, close monitoring and the joint donor-government annual reviews to be organized by the PSC are essential to mitigating these risks.

I. Environmental Impact

47. The project has a "B-rating", based on the World Bank classification for environmental impact. This rating is based on the expectation that the small-sized, community-based infrastructure to be constructed under the project will not generate significant negative environmental effects. However, to mitigate potentially adverse environmental impacts, the implementing partners retained to provide support to the CRs will help the latter screen sub-projects for environmental impacts and integrate required mitigation measures into sub-project design. The procedures manual will include screening criteria to ensure that environmental considerations are taken into account in the selection of rural infrastructure and the preparation of community development plans, and provide guidance as to which service the CR might approach for assistance with mitigation measures. Environmental mitigation capacity will also be created in the National Rural Engineering Directorate to monitor, in liaison with the Ministry of the Environment, the environmental effects of project activities and to propose and implement appropriate mitigation plans.

J. Innovative Features

48. For the first time in Senegal, IFAD has participated at the national level through the formulation of the NRIP, both in the definition of government policy towards decentralized rural development, and in the design of its main implementation instrument, the NRIP, in partnership with the World Bank. The focus on decentralization and working through permanent local government within a national policy framework, rather than through *ad hoc*, project-created (albeit grass-roots entities) is new for IFAD in Africa. The NRIP presents IFAD with an opportunity to link, within its country portfolio, rural policy, rural infrastructure and support to income-generating activities. The NRIP will be the chief instrument for policy reform and funding community-based investments. It will support local governments, while ongoing operations will focus more on supporting income generation and rural, village-level organizations. Finally, the selection of participating CRs has been guided by poverty and human development indicators, and based on a detailed survey of all CRs in the country.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

49. A loan agreement between the Republic of Senegal and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

50. The Republic of Senegal is empowered under its laws to borrow from IFAD.

51. I am satisfied that the proposed loan will comply with the Agreement Establishing the Fund.

PART IV - RECOMMENDATION

52. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

> RESOLVED: that the Fund shall make a loan to the Republic of Senegal in various currencies in an amount equivalent to five million four hundred thousand Special Drawing Rights (SDR 5 400 000) to mature on and prior to 1 October 2039 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 6 November 1999)

1. The Government of the Republic of Senegal (henceforth “the Government”) undertakes to open and thereafter maintain a Project Account denominated in CFA francs (CFAF) on conditions and with a bank acceptable to the Fund. The Government shall deposit into the Project Account an initial amount equivalent to CFAF 85 000 000. Thereafter, no later than 30 June of each year and until project completion, the Government shall replenish the Project Account by the equivalent of CFAF 224 000 000 for fiscal year 2001; CFAF 140 000 000 for fiscal year 2002; and CFAF 112 000 000 for fiscal year 2003. Such amounts shall be determined in accordance with the requirements specified in the annual work plan and budget. The Government shall ensure that the funds deposited into the Project Account are used exclusively to finance expenditures incurred under the project.

2. The Fund may suspend the right of the Government, in whole or in part, to request withdrawals from the Project Account in the event:

(a) the Government’s right to withdraw funds from the credit granted by IDA has been suspended, cancelled or terminated, in whole or in part; or in the event such credit becomes due and payable prior to the agreed maturity date; or upon the occurrence of any event, with notice or with the passage of time, that could result in the same; and

(b) any condition of suspension specified in the Development Credit Agreement with IDA shall have occurred.

3. IFAD may terminate the Government’s right to request withdrawals from the Loan Account in the event:

any condition of cancellation specified in the Development Credit Agreement with IDA shall have occurred.

4. IFAD may declare the outstanding principal amount of the loan, together with all accrued and unpaid service charge thereon, immediately due and payable in the event the following occurs:

the credit granted by IDA becomes due and declared payable prior to the agreed maturity date, or upon the occurrence of any event, with notice or with the passage of time, that could result in the same.

5. The remedies of the Fund set forth in the Loan Agreement shall not limit or otherwise prejudice any rights or remedies available to IFAD under the General Conditions or otherwise.

6. The following are specified as additional conditions for disbursement of the proceeds of the loan:

No withdrawals shall be made in respect of:

(a) payments made for expenditures prior the date of signature of the Development Credit Agreement;

(b) for a sub-project, unless: (i) such sub-project has been approved in accordance with, and subject to, the provisions of paragraphs 1 and 18 of Schedule 4 of the Development Credit Agreement; and (ii) the Government has submitted the draft annual budget satisfactory to IFAD for the fiscal year corresponding to the sub-project;

(c) a matching grant, unless such matching grant has been approved in accordance with, and subject to, the provisions of paragraphs 1 and 14 of Schedule 4 of the Development Credit Agreement; and

(d) payments made for expenditures for goods and services supplied under a contract that any national or international financing institution or agency other than IFAD shall have financed or agreed to finance under any other credit or grant.

7. The following are specified as additional conditions to the effectiveness of the loan agreement:

(a) the Government shall have confirmed to IFAD that the Development Credit Agreement has become effective; and

(b) a favourable legal opinion, issued by the competent legal counsel or other official authority in the Republic of Senegal, is delivered by the Government to IFAD.

COUNTRY DATA

SENEGAL

Land area (km^2 thousand) 1996 1/	**193**	**GNP per capita (USD) 1997 2/**	**540**
Total population (million) 1997 1/	**8.8**	**Average annual real rate of growth of GNP per capita, 1990-97 2/**	**0.0**
Population density (people per km^2) 1996 1/	**44**	**Average annual rate of inflation, 1990-97 2/**	**6.5**
Local currency	**CFA Franc BCEAO (XOF)**	**Exchange rate: USD 1 =**	XOF ***ADD RATE***

Social Indicators		**Economic Indicators**	
Population (average annual population growth rate) 1980-97 1/	2.7	GDP (USD million) 1997 1/	4 542
Crude birth rate (per thousand people) 1997 1/	40	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1997 1/	13	1980-90	3.1
Infant mortality rate (per thousand live births) 1997 1/	70	1990-97	2.5
Life expectancy at birth (years) 1997 1/	52		
		Sectoral distribution of GDP, 1997 1/	
Number of rural poor (million) (approximate) 1/	2.0	% agriculture	18
Poor as % of total rural population 1/	40.4	% industry	22
Total labour force (million) 1997 1/	4.0	% manufacturing	15
Female labour force as % of total, 1997 1/	43	% services	59
Education		Consumption, 1997 1/	
Primary school gross enrolment (% of relevant age group) 1996 1/	68	General government consumption (as % of GDP)	10
Adult literacy rate (% of total population) 1995 3/	33	Private consumption (as % of GDP)	77
		Gross domestic savings (as % of GDP)	13
Nutrition			
Daily calorie supply per capita, 1995 3/	2 365	**Balance of Payments (USD million)**	
Index of daily calorie supply per capita (industrial countries=100) 1995 3/	75	Merchandise exports, 1997 1/	393
Prevalence of child malnutrition (height for age % of children under 5) 1992-97 1/	23	Merchandise imports, 1997 1/	1 161
Prevalence of child malnutrition (weight for age % of children under 5) 1992-97 1/	22	Balance of merchandise trade	- 768
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 1990-97 1/	n.a.	Before official transfers, 1997 1/	- 377
Physicians (per thousand people) 1990-97 1/	0.08	after official transfers, 1997 1/	*- 58*
Percentage population without access to safe water 1990-96 3/	37	Foreign direct investment, 1997 1/	30
Per centage population without access to health services 1990-95 3/	10		
Percentage population without access to sanitation 1990-96 3/	61	**Government Finance**	
		Overall budget surplus/deficit (including grants) (as % of GDP) 1996 1/	n.a.
Agriculture and Food		Total expenditure (% of GDP) 1996 1/	n.a.
Food imports as percentage of total merchandise imports 1997 1/	*32*	Total external debt (USD million) 1997 1/	3 671
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	74	Present value of debt (as % of GNP) 1997 1/	55
Food production index (1989-91=100) 1995-97 1/	109.1	Total debt service (% of exports of goods and services) 1997 1/	15.3
Land Use		Nominal lending rate of banks, 1997 1/	n.a.
Arable land as % of land area, 1996 1/	11.7	Nominal deposit rate of banks, 1997 1/	n.a.
Forest area (km^2 thousand) 1995 1/	74		
Forest area as % of total land area, 1995 1/	38.3		
Irrigated land as % of cropland, 1994-96 1/	3.1		

n.a. not available.
Figures in italics indicate data that are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 1999.
2/ World Bank, *Atlas*, 1999.
3/ UNDP, *Human Development Report*, 1998.

PREVIOUS IFAD LOANS TO SENEGAL

Project Loan	Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Denominated Currency	Approved Loan Amount	Disbursement (as % of approved amount)
L-I–26-SE	Integrated Rural Development Project of M'Bour Louga	IFAD	AfDB	HC	18-Dec-79	13-Jul-81	30-Jun-90	SDR	10 400 000	56%
L–I–315-SE	Village Organization and Management Project	IFAD	BOAD	HC	2-Dec-92	13-Aug-93	31-Dec-99	SDR	5 800 000	67%
L-S–15-SE	Agro-forestry Development Project	IFAD	BOAD	HC	30-Nov-88	7-Nov-89	30-Jun-98	SDR	8 300 000	90%
L-S-18-SE	Second Small Rural Operations Project	WB/IDA	WB/IDA	HC	13-Sep-89	5-Mar-90	30-Jun-99	SDR	5 100 000	48%
L-S-30-SE	Agricultural Development Project in Matam	IFAD	BOAD	HC	11-Dec-91	27-Apr-93	31-Dec-00	SDR	11 700 000	75%
L-I-402-SN L-S–47-SN	Rural Microenterprises Project	IFAD	BOAD	HC	6-Dec-95	3-Jan-97	31-Mar-03	SDR	2 500 000	18%
L-I-462-SN	Village Management and Development Project	IFAD	BOAD	HC	4-Dec-97	9-Aug-99	30-Jun-07	SDR	6 900 000	
L-I-489-SN	Agro-forestry Project to Combat Deser-tification	IFAD	BOAD	HC	2-Dec-98	1-Sep-99	31-Dec-05	SDR	5 850 000	

LOGICAL FRAMEWORK

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Overall Goal and Purpose: Promote decentralized rural development Strengthen local governance	• Framework for fiscal and financial management of local government in rural areas improved • Local government responsiveness, accountability and transparency enhanced • Rural poverty reduced	**Project reports:** Participatory evaluation surveys Publication of regulatory and fiscal reforms CRs' annual activities and budget reports Project reporting	Government commitment to decentralized rural development
Project Development Objectives: 1) Improve the regulatory, institutional, and fiscal framework for decentralized rural development 2) Establish participatory mechanisms for funding and implementing rural community investment programs 3) Increase access of the poorer rural communities to basic infrastructure	**Outcome/Impact Indicators:** • Reforms for fiscal and administrative decentralization adopted • Vulnerable groups are satisfied with their participation in local development and with NRIP interventions • Access to community rural infrastructure increased • Participating CRs are disenclaved	**Project Reports:** Participatory evaluation surveys Publication of regulatory and fiscal reforms CRs annual activities and budget reports Project reporting	Effectiveness of steering committee in coordinating decentralization reforms Resources for rural development are available in a timely and efficient manner
Output from each component: **1. Support for Decentralized Rural Development** Promulgated decrees and texts Action Plan on Decentralization is implemented National Council for the Development of Local Entities (CNDCL) and APCR strengthened Local development plans and AIP adopted by participating CRs Establishment of implementation and maintenance committees	**Output Indicators:** • Promulgated decrees and other regulations to implement the decentralization law • Participating CRs have established functional local development committees and of implementation and maintenance committees with effective participation of vulnerable groups • CR capacity for resource mobilization enhanced • APCR and CNDCL capacity for coordination enhanced	**Project Reports:** Participatory evaluation surveys Publication of regulatory and fiscal reforms CRs annual activities and budget reports Project reporting	Government carries out commitment to reforms Territorial administration and regional elected governments do not interfere in LIF funding and operation Effectiveness of training and awareness programs on decentralization and participatory processes Local banks and financial institutions are available to channel LIF funds Availability of counterpart funding

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
2. Local Investment Fund RIF and innovation fund (INF) set-up and operating	• Participating CRs have successfully completed at least two infrastructure projects	Participatory evaluation surveys Publication of regulatory and fiscal reforms CRs annual activities and budget reports Project reporting	
3. Community Roads Programme Community roads rehabilitated and maintained in conformity with the National Rural Roads Strategy	• Community roads maintenance strategy implemented • CR-led development programmes implemented • Seventy per cent of rehabilitated community roads properly maintained • Mission statement and action plan for GR adopted and implemented	Participatory evaluation surveys Publication of regulatory and fiscal reforms CRs annual activities and budget reports Project reporting	
Project Components/Sub-components: **1) Support for decentralized rural development** (a) Support to the reform of the rural fiscal and financial management system (b) Strengthening of the capacity of local government (c) Support to national-level decentralization agencies **2) Local investment fund (LIF)** (a) Rural Investment Fund (b) Innovation Fund **3) Rural transport infrastructure and institutional strengthening of the National Rural Engineering Directorate** (a) Implementation of the rural transport strategy (b) Rehabilitation, periodic maintenance and spot improvements of the rural road network (d) Institutional support for Engineering Directorate (Ministry of Agriculture) **4) Project Coordination, Monitoring and Evaluation** (a) Coordination of the project (b) M&E	**Inputs: (budget for each component)** USD 9.4 million USD 13.6 million USD 16.9 million USD 6.6 million	**Project Reports:** CRs annual activities and budget reports Project reporting	**(from Components to Outputs)** Local governments establish successful mechanisms for resource mobilization Local development plans reflect a transparent and participatory process NCU at national and regional provide timely review and response to CRs project proposals Bank provides sufficient resources for project supervision Decentralized decision-making used Informed choice of investments made by communities Spontaneous participation of communities in project activities and financing Availability of local enterprises to execute works

COÛTS ET FINANCEMENT

Comptes de dépenses par composante
(USD '000)

	Appui institutionnel au développement rural decentralisé			Fonds d'investissement Local	Progr. de desenclmnt		Gestion du Projet		PPF	Total
	Réforme fiscalité rurale	Renforcement de capacités			Pistes rurales	DNGR	Coordination			
		Locales	Nationales				Nationale	Régionale		
I. Coûts d'Investissement										
A. Génie Civil										
Entretien et réhabilitation routes rurales	-	-	-	-	7 830	-	-	-	-	7 830
B. Véhicules	-	331	-	-	-	52	128	502	-	1 013
C. Equipement et matériel										
Matériel de bureaux	-	-	-	-	-	23	52	240	-	315
Mobilier de bureaux	-	387	-	-	-	-	17	-	-	404
Autres équipement et matériels	-	332	307	-	-	-	12	-	-	651
Total partiel Equipement et matériel	-	719	307	-	-	23	81	240	-	1 370
D. Fonds d'Investissement Rural	-	-	-	12 350	-	-	-	-	-	12 350
E. Consultants										
Consultants internationaux	349	-	205	-	-	492	369	-	-	1 416
Consultants nationaux	215	-	605	-	706	37	1 244	889	-	3 696
Etudes et analyses	72	-	-	-	-	-	419	106	-	597
Total partiel Consultants	636	-	810	-	706	529	2 033	995	-	5 709
F. Formation										
1. Formations, ateliers et information	469	2 485	713	-	466	338	-	84	-	4 556
2. Appui animation	-	1 353	74	-	-	-	-	-	-	1 427
Total partiel Formation	469	3 838	788	-	466	338	-	84	-	5 983
G. PPF	-	-	-	-	-	-	-	-	1 300	1 300
Total Coûts d'Investissement	1 105	4 888	1 905	12 350	9 003	942	2 242	1 821	1 300	35 556
II. Dépenses renouvelables										
A. Personnel additionnel	-	887	-	-	-	-	143	556	-	1 586
B. Entretien										
Entretien matériels et équipements	-	-	106	-	-	19	-	-	-	124
Entretien véhicules et motos	-	-	57	-	-	41	102	300	-	500
Total partiel Entretien	-	-	163	-	-	60	102	300	-	624
C. Autres fonctionnements	38	953	-	-	-	5	76	307	-	1 378
Total dépenses renouvelables	38	1 840	163	-	-	65	320	1 163	-	3 588
COUT TOTAL DE BASE	1 143	6 728	2 067	12 350	9 003	1 007	2 562	2 984	1 300	39 143
Provisions pour imprévus physiques	6	153	39	-	783	11	43	110	-	1 143
Provisions pour changements de prix	62	445	102	905	708	55	142	181	-	2 599
COUT TOTAL DU PROJET	1 211	7 325	2 208	13 255	10 494	1 073	2 476	3 275	1 300	42 886
Taxes et droits	27	525	169	-	1 925	46	190	541	-	3 423
Dépenses en devises	508	2 045	779	10 861	6 681	678	563	932	1 300	24 347

Résumé des coûts du projet pour le compte des dépenses
(USD '000)

	(XOF million)			(USD '000)				
	Local	Foreign	Total	Local	Foreign	Total	% Foreign Exchange	% Total Base Costs
I. Coûts d'Investissement								
A. Génie Civil								
Entretien et réhabilitation routes rurales	1 403	3 436	4 839	2 271	5 560	7 830	71	20
B. Véhicules	278	348	626	451	562	1 013	56	3
C. Equipement et matériel								
Matériel de bureaux	48	147	195	77	238	315	76	1
Mobilier de bureaux	61	189	250	99	305	404	76	1
Autres équipements et matériels \a	98	304	402	159	492	651	76	2
Total partiel Equipement et matériel	207	640	847	335	1 035	1 371	76	4
D. Fonds d'Investissement Rural	1 385	6 247	7 632	2 241	10 109	12 350	82	32
E. Consultants								
Consultants internationaux	178	697	875	288	1 127	1 416	80	4
Consultants nationaux	2 284	-	2 284	3 696	-	3 696	-	9
Etudes et analyses	222	147	369	360	237	597	40	2
Total partiel Consultants	2 685	843	3 528	4 344	1 365	5 709	24	14
F. Formation								
1. Formations, ateliers et information	2 196	619	2 816	3 554	1 002	4 556	22	12
2. Appui animation	688	194	882	1 113	314	1 427	22	4
Total partiel Formation	2 884	813	3 697	4 667	1 316	5 983	22	15
G. PPF	-	803	803	-	1 300	1 300	100	3
Total Coûts d'Investissment	8 843	13 130	21 973	14 309	21 246	35 516	60	91
II. Dépenses renouvelables								
A. Personnel additionnel	980	-	980	1 586	-	1 586	-	4
B. Entretien								
Entretien matériels et équipements	22	55	77	36	88	124	71	-
Entretien véhicules et motos	90	219	309	145	355	500	71	1
Total partiel Entretien	112	274	386	181	443	624	71	2
C. Autres fonctionnements /b	620	232	852	1 003	375	1 378	27	4
Total Dépenses renouvelables	1 712	506	2 217	2 769	818	3 588	23	9
COUT TOTAL DE BASE	10 555	13 636	24 191	17 079	22 065	39 143	56	100
Provisions pour imprévus physiques	235	471	706	381	762	1 143	67	3
Provisions pour changements de prix	667	939	1 606	1 079	1 520	*2 599*	58	7
COUT TOTAL DU PROJET	11 457	15 046	26 503	18 539	24 347	42 886	57	110

ORGANIZATION AND MANAGEMENT

A. Overall Organization

1. Project implementation will be mainly carried out by existing institutions at both the central and local levels. Project oversight and orientation will be the responsibility of a PSC under the presidency of the Prime Minister, and composed of representatives from the concerned ministries, APCR, non-governmental organizations (NGOs) and the private sector. The role of the PSC will be to: (a) facilitate working relations between entities concerned with project implementation (ministries, NGOs, donors); (b) review progress towards achieving the project objectives, and approve and evaluate the project's annual work plan and budget (AWP/B); and (c) ensure the participation of key stakeholders in the general orientation of the project. The PSC will organize at least one annual joint meeting with the Government and the donors participating in project financing. The PSC composition and mandate will be agreed upon during negotiations.

2. The technical secretariat of the PSC will be an autonomous project NCU located within the Ministry of Agriculture (MOA). NCU staff will be recruited through open competition, so as to put in place a highly qualified team (project coordinator, financial and administrative manager, M&E coordinator, as well as regional coordinators) for this ambitious project. The NCU will be responsible for overall management and coordination, particularly: (a) the coordination of the preparation and implementation of different components; (b) the consolidation of AWP/Bs; (c) the setting-up and implementation of an independent M&E system; (d) the definition and the execution of a media campaign; and (e) the financial and administrative management of the project.

3. **Implementation of the first component, support for decentralized rural development**. The Ministry of Interior and Decentralization, through its Directorate for Local Communities, will implement the first component, support for decentralized rural development. In addition, the project will maintain close links with the ministries responsible for basic education, health and water to ensure that the facilities being constructed are consistent with the plans of those ministries, and that their facilities will be properly staffed with qualified teachers and health workers upon completion.

4. At the regional level, NRIP coordination offices will be established. The regional coordinator (RC) will coordinate project activities at the local level, provide support to participating CRs and ensure implementation of the regular M&E programme. The RCs will report directly to the national coordinator.

5. **Implementation of the LIF component.** The implementation of the second component, LIF, and the third component, community roads sub-component, will be implemented by MOA through the NCU. Local governments will be responsible for identifying and implementing community infrastructure projects for financing under the LIF and the community roads components. Given the very limited capacity of local governments, these will be required to procure technical advisory services. Local governments will have the choice whom to contract for such services, e.g. private companies, entities such as AGETIP, SODEFITEX, SAED, SODAGRI, NGOs, or deconcentrated government agencies. Details are specified in the procedures manual. No new government agencies will be created. Technical advisory services will include facilitating community participation and detailed planning, design and supervision of basic infrastructure.

6. **Implementation of the community development programme.** The immediate implementation of these components will be the responsibility of the local governments. The MOA will implement the institutional strengthening of the National Directorate of Rural Engineering (DNGR) sub-component. The implementation approach of the community development programme

will follow the principles of the LIF. This process will require that the CRs identify their needs for improved access (both village access and agricultural feeder roads) within the context of their overall plan for rural infrastructure, as articulated in the local development plan (LPD).

7. Each CR will receive a yearly allocation of about USD 55 000 to improve access. Subsequent allocations will be dependent on proper maintenance of community roads having received project funding. Communities will receive training to make informed choices about service levels and resulting costs for investment and maintenance. Following extensive field work and discussions with beneficiaries, the service levels have been defined from Level 0 (impracticable road at all times) to Level 5 (no cuts, easy and fast circulation). Given the limited capacity of local government, they will be required to contract for technical assistance to carry out the bidding and selection process, for example with deconcentrated government services, SODEFITEX, SAED, etc., NGOs or private-sector service providers. Works will be carried out by qualified contractors in three or four annual installments per CR, thus providing a continuous workload for the contractor. Details of the process, sample contract documents, etc., are given in the procedures manual.

B. Financial System and Audit

8. Two special accounts will be established and managed by the NCU: the first for component two and a second for components one, three and four. The services involved in the different components will maintain separate financial records in compliance with generally accepted accounting principles, and will prepare separate financial statements. The accounting information will be consolidated at the end of each fiscal year. The financial services of the each executing agency will be in charge of preparing the financial records of its component. The administrative and financial manager of NRIP will consolidate the financial statements for the activities funded by the World Bank. The manager will make the necessary arrangements to conduct the annual audit of NRIP's coordination unit and the various executing agencies. The Government will ensure that the external auditors are independent and approved by the World Bank.

C. Monitoring and Evaluation

9. The objective of the M&E system is to respond to the internal management and supervision needs of all the project's stakeholders: agencies responsible for implementing different project components: participating CRs; PSC: the Government; and donors. In addition, this system will have to meet the specific needs of an adaptable programme lending (APL). As such, the M&E system shall, on a regular basis, provide pertinent information on performance indicators, trends and triggers for passing from one phase to the next.

10. To this effect, the functions of project M&E will need to be properly separated. On the one hand, monitoring is essentially an internal management tool and will therefore be developed and used by the executing agencies. On the other hand, evaluation should be conducted independently by external service providers.

11. The monitoring system will be organized as a network with each executing agency in charge of monitoring its own activities. The executing agencies will be connected one to another and to the NCU, which will maintain a consolidated system. As one of the divisions of the NCU, a national M&E specialist, recruited under contract by the NCU will head the M&E unit. The national expert will process and analyse the information submitted by the different executing agencies and by the regional M&E specialists, and will prepare a consolidated report. The expert will also prepare the NRIP progress reports.

12. The national M&E specialist will be in charge of: (a) developing and implementing a data collection system appropriate for establishing the performance indicators of each project component; (b) compiling and consolidating, on a quarterly basis, monitoring information, including data related to expenditure and disbursements; and (c) preparing consolidated quarterly implementation reports for the overall project.

13. Progress reports will be submitted twice a year. Each executing agency will be required to submit a biannual progress report for its component to the NCU, no later than one month following the end of each semester. The national M&E specialist will incorporate these individual reports into a consolidated progress report for the entire project.

14. Independent performance evaluations of the project will be conducted every two years. During Phase I, these performance evaluations will focus on: (a) the assessment of the effect of project activities on the beneficiaries, with particular focus on vulnerable groups; and (b) an operational audit of the project. These two evaluations will be based on data provided by the evaluation system as well as on surveys and interviews of beneficiaries and the different partners participating in project implementation. These evaluations will highlight lessons learned, which will be used to improve the efficiency of project implementation, to make adjustments to the operations manual and to identify improvements for content and implementation procedures for Phase II.

15. The cofinanciers of the project will conduct the mid-term review and an evaluation at the end of the project. These reviews will be based in part on the results and recommendations of the evaluations indicated above and will help make adjustments that will result in more efficient project implementation.

ORGANIGRAMME DU PNIR