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INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Senegal



Programme for Country Partnership for Senegal 2016 Progress Report





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1. EXECUTIVE SUMMARY

This report highlights the main activities and key achievements of the Programme for Country Partnership for Senegal (PCP Senegal) for the period of December 2015 to December 2016.

PCP Senegal is being implemented within the framework of the *Plan Sénégal Emergent (PSE)*, the country's national development strategy. The overall objective of the PSE is to transform Senegal into "an emerging country by 2035 with social solidarity and a state of law". The PCP is supporting the implementation of the industrial component of the PSE.

The programme focuses on five priority areas: (i) industrial policy development; (ii) the establishment of competitive and integrated agro-poles; (iii) the operationalization of a new generation of integrated industrial parks; (iv) the development of a regional mining hub; and (v) a reform on special economic zones (SEZs) and the related incentive package.

Throughout 2016, the Government of Senegal (GoS) and UNIDO, together with partners, worked on mobilizing resources for PCP focus areas and industrial projects. In October 2016, the GoS, through the Minister of Economy, Finance and Planning, signed an Industrial Development Funding (IDF) agreement with UNIDO. The IDF confirms the GoS's contribution to UNIDO for the amount of USD 4.5 million over the period 2015 to 2018. The signing of the agreement reaffirms the Government's full commitment to the implementation of the programme and demonstrates its trust in the PCP as an effective model for operationalizing the industrial component of the PSE. Discussions are ongoing with international financial institutions, the business sector and other partners for additional investment and funding. UNIDO's Fifth Inclusive and Sustainable Industrial Development Forum (ISID Forum), held in Dakar in November 2016, also served to promote investment opportunities in PCP Senegal projects.

UNIDO's advisory role to the GoS on industry-related issues has gained increased recognition. In 2016, the Government requested UNIDO's assistance within the framework of the PCP for the realization of additional projects, such as the development of a regional mining hub and a reform on SEZs and the related incentive package.

In 2016, the PCP supported the GoS in the development and drafting of a *Lettre de Politique Sectorielle de Développement (LPSD)* for the period 2017 to 2023, a short-term industrial strategy of the Ministry of Industry and Mining. The PCP is incorporated in the LPSD, and the latter will serve as basis for the development of a comprehensive, long-term industrial strategy and action plan in 2017.

The second year of PCP Senegal witnessed important milestones in the development of prioritized large-scale industrial projects while building synergies with ongoing and future partner programmes. UNIDO technical assistance was instrumental for the operationalization of the first phase of Diamniadio, the country's first integrated industrial park (IIP). UNIDO developed a business model for the park's management and an incentive package to attract public and private investment for infrastructure development, among other interventions within the framework of the PCP. The terms of reference for feasibility studies on the planning and development of additional IIPs were also prepared by UNIDO and reviewed by the GoS.

With regard to the development of agro-poles, UNIDO conducted pre-feasibility studies in view of establishing three competitive and integrated agro-poles in selected regions of Senegal. The pre-feasibilities studies comprised an assessment of value chains in the pre-identified zones, defined the concept of an agro-pole, and identified technical, economic and financial elements for the preparation of feasibility studies to be conducted in 2017. A National Working Group was also established to oversee the development of agro-poles. The Global Environment Facility's Agricultural Value Chains Resilience Support Project, to be jointly implemented by UNIDO and the International Fund for Agricultural Development as of 2017, will further support the development of agro-poles.

UNIDO conducted a full-scale diagnosis of the Kedougou region to support the development of a regional mining hub, which served as basis for the formulation of an action plan for the realization of the project. UNIDO also provided technical expertise for the drafting of a national reform on SEZs and the related incentive package, which the GoS officially adopted as law in January 2017.



Director General LI Yong and the Prime Minister of Senegal, Mahammed Dionne, inaugurating the exhibition of industrial products during the Fifth ISID Forum, with the Minister of Industrial Development of Mali, Mohamed Ali Ag Ibrahim, and the Minister of Industry and Mining of Cote d'Ivoire, Jean-Claude Brou, in the background.

2. BACKGROUND

Following the Lima Declaration, UNIDO developed a new service package to advance inclusive and sustainable industrial development (ISID) in its Member States - the Programme for Country Partnership (PCP). Aligned with the national development agenda and focused on sectors with high growth potential, the PCP supports a country in achieving its industrial development goals.

It is a model that mobilizes external partners and additional resources to achieve larger development impact. The key features of the PCP are: (i) host government ownership; (ii) selected priority sectors or areas; (iii) a multi-stakeholder partnership; and (iv) the mobilization of large-scale public and private finance.

Ethiopia and Senegal were selected as the first two countries to pilot the new approach. UNIDO conducted high-level scoping missions in late 2014 to consult with relevant stakeholders and develop the pilot PCPs. In December 2015, Peru became the third PCP pilot country.

A multidisciplinary technical team undertook a mission to Senegal during August and October 2014 to design the PCP. The programme was developed in consultation with development partners, the business sector and financial institutions, under the overall leadership of the Government of Senegal (GoS). In February 2015, the GoS approved the PCP Senegal project document. The programme officially launched in April 2015 marking the beginning of the implementation phase.

The PCP is being implemented within the framework of the *Plan Sénégal Emergent (PSE)*, the country's national development strategy. The overall objective of the PSE is to transform Senegal into "an emerging country by 2035 with social solidarity and a state of law". The PCP is supporting the implementation of the industrial component of the PSE, with a focus on several priority industrial projects aimed at spearheading the structural transformation of the economy.

PCP Senegal focuses on five main areas: (i) industrial policy development; (ii) the establishment of competitive and integrated agro-poles; (iii) the operationalization of a new generation of integrated industrial parks; (iv) the development of a regional mining hub; and (v) a reform on special economic zones and the related investment package. It also integrates several cross-cutting interventions according to government-defined priorities.

3. KEY ACHIEVEMENTS

3.1. PARTNERSHIP AND RESOURCE MOBILIZATION

Industrial Development Funding agreement between the Government of Senegal and UNIDO

In October 2016, the GoS, through the Ministry of Economy, Finance and Planning (MoEFP), signed an Industrial Development Funding (IDF) agreement with UNIDO. The IDF confirms the GoS's contribution to UNIDO for the amount of USD 4.5 million for the period 2015 to 2018. The signing of the agreement reaffirms the Government's full commitment to the implementation of the programme and demonstrates its trust in the PCP as an effective model for operationalizing the industrial component of the PSE.

The IDF agreement will directly contribute to funding UNIDO technical assistance such as conducting pre-investment services to trigger partners' investments in flagship industrial projects of the PSE. The IDF will support the design and the implementation of an industrial policy, the drafting of feasibility studies for competitive and integrated agro-poles, the completion of the SEZ reform and pre-feasibility studies for the planning of additional integrated industrial parks.

Partner and Donor Roundtable and Partner and Donor Working Group

In 2016, the PCP partnership and funds mobilization strategy was endorsed by the National Steering Committee (NSC). In addition, in March, UNIDO presented to the Government of Senegal the results of a comprehensive mapping of development partners' interventions in the country and their potential synergies with PCP Senegal projects. The results of this mapping will serve as basis for discussions with partners and donors in view of consolidating partnership coordination mechanisms, namely through the establishment of a Partner and Donor Working Group (PDWG).

As part of the preparatory process for the establishment of the PDWG, UNIDO and MoEFP held several meetings and technical consultations with key partners, including the African Development Bank (AfDB), the Agence Française de Développement (AFD), the Islamic Development Bank (IsDB), the World Bank, the European Union, Germany, India, the People's Republic of China and Turkey. These

consultations helped determine the scope and format of the upcoming PDWG. A Partner and Donor Roundtable will be organized in 2017. The latter will serve as a pledging meeting to secure and coordinate partners' engagements in PCP Senegal interventions and to officially establish the PDWG.

Mobilizing financial institutions and the business sector

In 2016, UNIDO, the AfDB and the United Nations Economic Commission for Africa (UNECA) elaborated an Aide-Mémoire on tripartite cooperation to industrialize Africa, which identified a list of programmes for initial cooperation, including PCP Senegal. UNIDO is discussing possibilities of funding support from the AfDB and UNECA, in particular for the PCP Senegal industrial policy component. The AfDB also indicated an interest in supporting the development of agro-poles and industrial parks. The GoS expressed their intent to officially request support from the AfDB based on UNIDO technical assistance.

Pre-feasibility studies for the establishment of competitive and integrated agro-poles were presented to the Japan Bank for International Co-operation, within the framework of Second Japan-UNIDO Multi-Stakeholder Cooperation Dialogue. The project was welcomed as a great opportunity to mobilize the support of the Japanese business sector – financially and technically – towards infrastructure development and the provision of specialized equipment (processing, distribution, production, etc.) for the establishment of agro-poles.

At the occasion of the Sixth Tokyo International Conference on African Development (TICAD-VI) held in Nairobi, Kenya (28-29 August 2016), UNIDO, the African Union Commission and the Government of Kenya organized a side event entitled “Enhancing Africa’s structural economic transformation through Agenda 2063 and inclusive and sustainable industrial development: fostering partnerships between the Government of Kenya, the African Union Commission, UNIDO and the private sector”. The event served to present the PCP as an effective multi-stakeholder model for advancing ISID and leveraging large-scale public and private investment. The outcome of the conference, the “Nairobi Action Plan”, emphasized the need to foster public-private partnerships towards inclusive and sustainable industrialization in Africa.

The UNIDO report on Growth Identification and Facilitation for Industrial Upgrading and Diversification (GIFIUD) was officially presented at the occasion of the High-Level Forum on Investment in Africa, a side event organized during the China International Fair

for Investment and Trade (CIFIT) in Xiamen, China (8-11 September 2016). The GIFIUD report provides a set of recommendations for the promotion of labour-intensive industrial sectors with comparative advantages, including in Senegal. The GIFIUD report has identified “quick wins” to be implemented within the PCP Senegal that will support the Government in achieving goals of the PSE, namely the long-term sustained growth and structural transformation of the economy. As the GIFIUD approach targets export-oriented and foreign direct investment-led industrial sectors, the occasion also served to increase awareness of specific investment opportunities in Senegal.

Over the course of the year, UNIDO and the GoS organized several technical workshops with key national business sector associations and companies. These workshops served to familiarize the business sector with PCP Senegal projects and to promote concrete investment opportunities.

In early May, representatives of UNIDO, the China-Africa Development Fund (CADFund) and the Bingtuan Group, the largest agricultural company in China, conducted a joint mission to Senegal to meet with key stakeholders and explore investment opportunities in the rice sector. In July, CADFund, the Bingtuan Group and the GoS – through the Ministry of Agriculture and Rural Equipment – signed an investment and cooperation agreement (Memorandum of Understanding). The agreement aims to facilitate the joint establishment of an agro-industrial park focused on the rice industry in the north of Senegal. As stipulated in the agreement, Bingtuan group will prepare the feasibility study for the establishment of the park; CADFund will provide human and financial resources for the realization of the project, and UNIDO will support the GoS in developing an implementation plan for sector-specific policy in addition to acting as a neutral facilitator and technical advisor within the framework of the PCP. A working group composed of high-level representatives from each partner entity will be set up to ensure efficient coordination of the project. This activity aims to support the GoS in achieving rice self-sufficiency and falls within the South-South and triangular industrial cooperation (SSTIC) cross-cutting component of PCP Senegal.

Fifth ISID Forum

The Fifth ISID Forum was successfully held in Dakar on 14 and 15 November 2016, co-organized by UNIDO and the Government of Senegal. Chaired by Mahammed Dionne, the Prime Minister of Senegal, the event brought together more than 400 participants including ministers of industry from Côte d’Ivoire, the Gambia, Mali, Niger and Senegal, as well

as high-level government representatives from Cabo Verde, Mauritania and Nigeria, and representatives of the Presidents of the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS). The national and international public and private sectors, as well as leading multilateral and bilateral development partners, were also represented.

The Forum focused on the PCP model and the possibility of replicating this model in the West Africa region, within the context of the United Nations decision proclaiming the period 2016 to 2025 as the Third Industrial Development Decade of Africa. The Forum also served to promote investment opportunities in PCP Senegal, as representatives of key national institutions presented specific investment opportunities in agro-poles, industrial parks and the regional mining hub. Such opportunities were further discussed through business-to-business and business-to-government meetings, in particular to explore private and public funding options for the PCP Senegal. A field visit to the integrated industrial park of Diamniadio – one of the priority industrial projects of the GoS supported by PCP Senegal – was also organized and allowed participants to see first-hand the progress being made on the ground.

Participants issued a Dakar Declaration at the closing of the Forum, highlighting the significant benefits of the PCP approach and voicing their strong interest in having the PCP model disseminated among West African countries as the leading mechanism for advancing national industrial development strategies within the region, in cooperation with the WAEMU and ECOWAS.¹

3.2. FOCUS AREAS

3.2.1. Industrial policy

UNIDO supported the GoS in the development and drafting of a *Lettre de Politique Sectorielle de Développement (LPSD)* for the period 2017 to 2023, a short-term industrial strategy in line with new WAEMU directives related to budgetary programming. The LPSD is based on recommendations of a working group comprising UNIDO, UNECA and the GoS, and incorporates PCP Senegal components. In support, UNIDO conducted a review of existing documents concerning industrial diagnostics, strategy and policy, as well as a gap analysis to assess the resources and time needed to achieve the objectives set out in the

LPSD. UNIDO's recommendations were endorsed through a national validation workshop in December 2016. Building on the LPSD, in 2017, UNIDO will support the GoS in developing a comprehensive long-term industrial strategy and action plan.

The UNIDO Industrial Development Report 2016 entitled "The Role of Technology and Innovation in Inclusive and Sustainable Industrial Development" was officially presented in Senegal in April 2016. A launching ceremony, chaired by the Minister of Industry and Mining, brought together high-level representatives of the Government, business sector, development partners, financial institutions, UN agencies as well as universities, research and training centres, and civil society.

The event served to present the main results of the report and discuss means of implementing its recommendations in the context of Senegal. Participants stressed the importance of promoting local innovations (i.e. transforming local inventions into innovations) and establishing a national system of innovation to ensure synergies among relevant national institutions.

3.2.2. Agro-poles

Over the course of 2016, UNIDO conducted pre-feasibility studies for the establishment of three competitive and integrated agro-poles in selected regions of Senegal. The pre-feasibilities studies comprised an assessment of value chains in the pre-identified zones², defined the concept of an agro-pole and identified technical, economic and financial elements for the preparation of full-fledged feasibility studies. Based on UNIDO recommendations, the Council of Ministers will select the location for the feasibility study of the first agro-pole.

In July 2016, a National Working Group (NWG) was established to oversee and guide overall implementation of the PCP's agro-pole component. The NWG comprises representatives of several national ministries and UNIDO. It is chaired by the Operational Office of the PSE (BOS), attached to the President of the Republic's Office. UNIDO developed the project document and terms of reference (TOR) for the feasibility study of the first agro-pole to be established as part of the PCP. An action plan was elaborated, including budget estimates, in view of commencing feasibility studies in 2017.

1 The final statement of the Fifth ISID Forum can be accessed at: http://www.unido.org/fileadmin/user_media_upgrade/Media_center/5Fifth_ISID_Forum_statement_by_participants.pdf

2 North (regions of Louga-St Louis, Matam and Richard Toll), Center (regions of Kaolack, Kaffrine, Fatick and Diourbel), and South (regions of Ziguinchor and Kolda Sédhiou).

UNIDO will further support the Government of Senegal in establishing three regional Task Forces (i.e. in each region hosting an agro-pole) and work with the MoEFP to mobilize funds and investment for infrastructure development.

Agricultural Value Chains Resilience Support Project

The Government of Senegal received endorsement for a Global Environment Facility (GEF)-funded project part the broader Sustainability and Resilience for Food Security in Sub-Saharan Africa Integrated Approach Pilot, known as “the Food Security IAP”. The latter includes one regional programme and twelve country projects, one of them being in Senegal- the Agricultural Value Chains Resilience Support Project (PARFA). PARFA will be jointly implemented by UNIDO and the International Fund for Agricultural Development (IFAD), within the framework of PCP Senegal.

A validation workshop in May served to present the strategic orientations of the project and discuss ways to increase synergies between the PCP for Senegal and activities supported by IFAD. PARFA was formulated in synergy with the planned agro-pole development project in the central region of Senegal.³ By adopting an integrated and sustainable value chain development approach in local agricultural and livestock production, PARFA is expected to strengthen inter- and intra-sectoral linkages within the agro-poles, in particular for product and sub-product management (e.g. for livestock feed and biofertilizers).

The final project document was endorsed by GEF with a total budget of around USD 35.8 million for the period 2017 to 2020⁴. Implementation of PARFA is expected to launch in 2017. As part of this project, UNIDO will support the establishment of 20 pilot production units around the agro-pole.

Preparatory phase for improving the performance of the rice value chain through South-South and triangular industrial cooperation

In late 2015, UNIDO and CADFund discussed possibilities of strengthening their collaboration through a project implemented as part of PCP Senegal. In collaboration with the GoS, the development of the rice sector was selected as the focus of the partnership, given its importance to national food security. CADFund subsequently identified the Bingtuan Group as a potential investor.

In April 2016, UNIDO, together with the GoS, organized a scoping mission for CADFund and the Bingtuan Group. The mission included two workshops with various stakeholders, including national financial and technical institutions, and public and private actors involved in the rice value chain. A two-day field visit was organized with the support of the *Société Nationale d'Aménagement et d'Exploitation des terres du Delta du Fleuve Sénégal et des Vallées du Fleuve Sénégal et de la Falémé (SAED)*, a public company created to support the development of the rice value chain in the north of Senegal.



UNIDO and CADFund delegations visit rice farm and irrigation facility in the Senegal River Basin.

The field visit included meetings with local authorities, farmers and processors as well as visits to dams, pumping stations, irrigation systems, farms under development and an agricultural research institution managed by the Africa Rice Center along the Senegal River.⁵ At the end of the mission, the General Manager of the Bingtuan Group and the Director General of SAED identified a number of areas where they agreed that future collaboration through joint venture would be possible. As a direct result of this mission, the GoS, CADFund and Bingtuan Group signed a Memorandum of Understanding towards the establishment of an agro-industrial park focused on rice (see section 2.1. *Partnership and resource mobilization*).

UNIDO developed a technical assistance project proposal to support the development of the agro-industrial park. The project will enable rice suppliers to meet consumer demand in terms of quality and price, without compromising environmental aspects of rice production and processing. It will address four interrelated components: (i) agribusiness value chain development (post-harvest handling, processing and marketing); (ii) SSTIC (business partnerships, investment promotion, technology and knowledge transfer); (iii) gender balance in rice production, processing and marketing (empowering women); and (iv) greening the rice value chain (ensuring environmental sustainability).

3 Consisting of the regions of Kaolack, Kaffrine, Fatick, Diourbel and Louga.

4 Total funding includes a GEF grant and co-financing from national counterparts. UNIDO is the executing agency for USD 3,649,725 of the total USD 7,219,450 technical assistance project, with IFAD executing the other half.

5 Between St. Louis and Ndioum (distance of approximately 220 km).

3.2.3. Integrated industrial parks

In 2016, the Government of Senegal validated the UNIDO-prepared master plan for the development of IIPs. This includes an incentive package, a review of legal, regulatory and institutional frameworks related to IIPs, a benchmarking analysis of Senegal vis-à-vis its competitors, and proposals for the implementation of SEZ reforms.

Regarding the Diamniadio IIP, UNIDO conducted a cost-benefit analysis taking into account the additional funding necessary to operationalize the 2nd phase of Diamniadio, and helped develop a business plan for profit maximization.

UNIDO conducted several trainings to support institutional capacity-building of relevant counterparts. In May, UNIDO organized a training on the cost-benefit analysis model for Diamniadio for high-level executives of key national institutions – the General Directorate for Policy and Planning (DGPPE) from MoEFP, the Agency for the Promotion and Development of Industrial Sites (APROSI), the Operational Office of the PSE and APIX, Senegal's investment promotion agency. It was agreed that such an analysis would be used for the planning of additional IIPs.

Over the course of 2017, UNIDO will conduct pre-feasibility studies for the planning and development of two additional IIPs.



UNIDO Representative, Victor Djemba, with Director-General of APROSI, Momath Ba, at the Diamniadio industrial site.

3.2.4. Industrial mining hub

In February 2016, the Ministry of Investment Promotion, Partnerships and Development of State Teleservices officially requested UNIDO's support for the establishment of an industrial mining hub in the Kedougou region, one of the flagship industrial projects of the PSE. Endowed with significant mining

potential, Senegal aspires to position itself as a mining hub for the West Africa region. More particularly, the Government requested UNIDO to carry out several assessments to identify operators' needs, and define an implementation strategy for the realization of the hub.

UNIDO conducted a full-scale diagnosis of the Kedougou region between January and April 2016, including an analysis of its ecosystem, a mapping of key stakeholders, and an assessment of supply and demand. The results were presented during a validation workshop with participation from key local and national public and private stakeholders, as well as financial and technical partners. As a result of the workshop, an action plan for the development of the mining hub was adopted. Key workshop recommendations and activities of the agreed action plan are now being transcribed in a project document that will serve as the basis for further UNIDO interventions. A steering committee for the mining hub was established under the auspices of the Ministry of Investment Promotion, Partnerships and Development of State Teleservices, in which UNIDO is the only international organization represented. As a next step, UNIDO will conduct a feasibility study for the hub in order to mobilize funds and investment for infrastructure establishment.

3.2.5. Reform on special economic zones and the incentive package

Based on UNIDO's experience in developing the legal, regulatory and institutional framework for the Diamniadio integrated industrial park, the GoS – through the Ministry of Investment Promotion, Partnerships and Development of State Teleservices – requested UNIDO's technical support for the development of a reform regarding special economic zones and the related incentive package.

Within the framework of the PCP, UNIDO provided technical assistance to the drafting of the reform, subsequently adopted as law by the Government of Senegal (on 6 January 2017). The PCP will further support the development of a regulatory framework for the implementation of the new reform and the setting up of a dedicated public-private joint committee.

3.3. CROSS-CUTTING COMPONENTS

3.3.1. Energy and environment

Sustainable Cities Initiative

Senegal is one of the pilot countries of the Sustainable Cities Integrated Approach Pilot (SC-IAP), a global GEF initiative. The latter seeks to support cities in balancing

economic, social and environmental considerations in urban planning and management. As part of the SC-IAP, Diamniadio is expected to become a sustainable city model for West Africa, as well as an industry and investment hub that integrates energy efficient, renewable energy and cleaner production solutions. UNIDO and the World Bank are implementing agencies for the Sustainable Cities Initiative in Senegal, the Diamniadio industrial park also being one of the focus areas of the PCP.

Within this context, UNIDO conducted a field mission in January 2016 to collect information and assess the status of waste, renewable energy, and energy and resource efficiency in the Diamniadio industrial park and the vicinity of Dakar. In April, a validation workshop, chaired by the Ministry of Environment and Sustainable Development, was organized to present the preliminary project document to stakeholders and gather their recommendations prior to submitting to GEF. The final project document was submitted to GEF in July 2016 and endorsed in January 2017.

As part of the PCP, UNIDO will provide technical support to: (i) develop an approach for efficient resource use and cleaner production for industries located in Diamniadio; (ii) pilot methods for the reduction of dioxin and furan emissions and industrial hazardous waste; and (iii) promote low-carbon energy technologies.

Synergies with interventions of the Climate Technology Centre and Network

Several ongoing interventions of the Climate Technology Centre and Network (CTCN)⁶ are being implemented in synergy with PCP Senegal projects, in particular related to energy efficiency and the development of sustainable industrial zones/parks. In an effort to maximize synergies, a CTCN regional coordinator for Africa was appointed to the UNIDO Field Office in Senegal in 2016.

Over the course of 2016, TORs for two interventions were developed and endorsed by the GoS, implementing partners selected and preparatory activities commenced, including the identification of companies to participate in resource efficient and cleaner production (RECP) assessments.

The first CTCN intervention focuses on energy efficiency in Senegalese industries and services and is being implemented by the Environment and Development

Action in the Third World (ENDA), a CTCN consortium partner.⁷ The second CTCN intervention focuses on green technologies in industrial zones and responds to the request of the Bureau de Mise à Niveau (BMN) to improve resource efficiency and reduce overall pollution and greenhouse gas emission. The latter is being implemented by Sofies SA, a CTCN network member.⁸

Furthermore, UNIDO has been supporting local stakeholders to acquire additional funding to upscale the activities, namely from the GEF and the Green Climate Fund (GCF). In the latter case, UNIDO assisted the formulation of a proposal for GCF Readiness Funds.

In 2017, UNIDO will conduct RECP assessments in the selected companies and organized a workshop to present recommendations in support of eco-industrial park design.

3.3.2. Business sector development

Small and Medium-Sized Enterprise Upgrading Programme

Throughout 2016, UNIDO provided technical support to the BMN, the national institution in charge of SME upgrading. This included reviewing the functional and organizational scheme of the institution, current operational methods and financing mechanisms to help the BMN provide more efficient and tailor-made services to SMEs. UNIDO provided capacity-building services to strengthen the steering structures of the BMN and helped develop a methodology and tools for programme management.

The visit of the BMN Director to UNIDO headquarters in November provided an occasion to discuss and agree on priority activities to be implemented in 2017. Such activities will include: (i) an assessment of existing upgrading tools and their level of utilization by staff; and (ii) improving tools for and competencies of staff to allow them to better assist companies through specific upgrading projects.

Inclusive Development and Entrepreneurship for All

UNIDO's Inclusive Development and Entrepreneurship for All (IDEA) project aims to strengthen Senegal's technical and vocational education and training (TVET) system, with a focus on women and youth. It is being implemented since 2012⁹ in synergy with several ongoing youth employment initiatives of UN

6 CTCN (<https://www.ctc-n.org/>) is the operational arm of the UNFCCC Technology Mechanism and is hosted by UNIDO and the United Nations Environment Programme.

7 Submitted in 2015 with a budget of USD 50,000 and focuses on introducing co-generation and tri-generation technologies in Senegal.

8 Submitted in 2016 with budget of USD 70,000.

9 2012 to 2016, extended to 2017.

sister organizations, including the International Labour Organization and the United Nations Development Programme.

Funded by the Government of the Grand Duchy of Luxemburg, the first component (IDEA 1) covers eight regions of Senegal, and focuses on the professional integration of TVET graduates. To date, IDEA 1 has contributed to the creation of a total of 400 youth-led enterprises and helped strengthen workforce transition units in around 40 TVET centres. UNIDO also delivered capacity-building services to the Ministry of Vocational Training, Learning and Crafts, including for the setting up of a dedicated office within the Ministry to support youth's professional integration. In this regard, UNIDO developed a methodology and a training kit for improving youth employability and facilitating the formalization of youth-led start-ups, validated by the GoS in 2016.

Also funded by Luxemburg, the second component (IDEA 2) focuses on the promotion of local economic development in the Louga region. In collaboration with Senegal's National Agency of Statistics and Demography and other national counterparts, UNIDO conducted a mapping of local enterprises to create a database for the eventual setting up a Regional Observatory on local development.

This Observatory will facilitate access to local economic data, support local authorities in policymaking and facilitate investment decisions. UNIDO also supported the identification of priority sectors for local economic development and, together with the national school of agriculture (*Ecole Nationale Supérieure d'Agriculture*), conducted ten value chain analyses in strategic sectors. Trainings were also delivered to staff of local development units (*Maisons du Développement Local*) within each regional department.

3.3.3. Trade facilitation

Technical assistance provided through the PCP helped to strengthen Senegal's national quality infrastructure. Capacity-building services were provided to the *Agence Sénégalaise de Normalisation (ASN)* to finalize new national standards, facilitate the institute's membership to the International Organization for Standardization, and establish operational training units on quality management systems. UNIDO technical support also contributed to strengthening the metrology capacity of the *Institut de Technologies Alimentaires* with a focus on calibration services and the establishment of a repair shop.

A technical committee was established to support the development of a national quality policy, comprising representatives of national ministries, regulatory agencies and UNIDO. UNIDO's technical expertise helped formulate a sub-policy on food safety, which was validated by the Ministry of Agriculture and Rural Equipment, the Ministry of Health, and the Ministry of Industry and Mining.

The PCP will further support the GoS in strengthening conformity assessment units and certification bodies to ensure the provision of quality support services in IIPs and agro-poles. In 2017, UNIDO will conduct training sessions on compliance with trade-related standards for national institutions, in addition to supporting the setting up of dedicated training units within the Ministry of Youth and Employment. A traceability system for selected products and a new system of certification will be established for this purpose.

4. MONITORING AND EVALUATION

In order to develop a harmonized PCP Senegal monitoring and evaluation (M&E) framework that synchronizes PCP and national-level indicators, UNIDO initiated technical consultations with the Operational Office of the PSE (BOS), the Bureau of Organization and Methods (BOM - *Bureau Organisation et Méthodes*) attached to the President of the Republic's Office, and the DGPPE of MoEFP.

A workshop on M&E of PCP Senegal is planned for 2017. The objective is not only to strengthen evaluation capacities of key national stakeholders, but also to increase awareness on the need to harmonize M&E practices. The expected outcome of this workshop is an agreement between PCP Senegal public and private stakeholders, as well as financial and technical partners, on a common M&E framework.

A PCP Senegal mid-term evaluation will be carried out in 2017.

5. COORDINATION

The National Steering Committee is the highest management and coordination mechanism for PCP Senegal. Established by the Prime Minister, it embodies the Government's ownership and leadership of the programme. It is composed of high-level representatives from the President's Office, the Prime Minister's Office, national ministries involved

in industrialization, chambers of commerce and business sector associations. The NSC met four times over the course of 2016. It played a decisive role in achieving PCP Senegal milestones, particularly through: approving the 2016 Action Plan, including the budget, technical interventions and prospects for partnerships; supervising implementation according to the agreed Action Plan; and providing overall guidance for maximizing synergies with public development projects and partner operations.

A PDWG will be established under the auspices of the Ministry of Economy, Finance and Planning in 2017 and will serve as the main partnership coordination mechanism within the framework of PCP Senegal (see section 2.1. *Partnership and resource mobilization*).

PCP coordination is supported by a UNIDO headquarters-based technical team and a UNIDO field-based technical team.

6. UPCOMING KEY ACTIVITIES

Partnership and resource mobilization will continue in 2017 and UNIDO will continue to provide technical assistance in the priority areas of the PCP. This includes supporting the Government of Senegal with the review of industrial policy documents in order to develop a comprehensive long-term national industrial strategy and action plan.

UNIDO will build on the work carried out in 2016 for the development of the LPSD and conduct an enhanced industrial analysis, taking into account the national food safety and quality policy, the national innovation system, recent SEZ reforms and other relevant components. As part of the PCP's industrial policy component, a GIFIU national working group will be established to identify the first priority industrial sector for implementing the GIFIU approach.

In 2017, UNIDO will begin conducting the feasibility study for the establishment of the first agro-pole. The feasibility study will consist of an in-depth analysis of the legal/regulatory, financial and management aspects of the agro-pole and its operations, a market/demand assessment and the preliminary design of on-site infrastructure. Findings and recommendations are expected to facilitate investment decisions by public and private operators. Once the feasibility studies are finalized, the GoS and UNIDO will look into the possibility of organizing an investment forum focused on agro-poles.

Over the course of 2017, UNIDO will conduct pre-feasibility studies for the planning and development of two new IIPs, including the identification of sites and selected sectors. UNIDO will further support the finalization of the reform on SEZs and the associated incentive package, and the implementation of related decrees.

UNIDO will also support the Government of Senegal in preparing a roadmap and a business plan for the regional mining hub project, including developing an incentive package to attract investors.

The PCP Partner and Donor Roundtable is expected to take place in 2017, which will lead to the establishment of a Partner and Donor Working Group.

ANNEX 1: KEY ACHIEVEMENTS IN 2016 AND FORESEEN KEY ACTIVITIES IN 2017

Key achievements in 2016

Foreseen key activities in 2017

Partnership and resource mobilization	
Partnership and funds mobilization strategy developed and endorsed by National Steering Committee	Mobilize technical and financial partners based on feasibility studies conducted for agro-poles and IIPs
Awareness workshops organized for national business sector on opportunities within PCP Senegal	Ensure NSC meetings are conducted regularly, document outcome of all workshops/meetings/functions and follow-up on implementation of decisions/recommendations thereof
Signature of a Memorandum of Understanding and cooperation framework between SAEF, CADFund and Xinjiang	
Industrial Development Funding Agreement signed between GoS and UNIDO	
PCP Senegal TA and investment project portfolio prepared and presented to financial institutions and the business sector	Pursuit of technical bilateral consultations with partners to organize the Partner and Donor Roundtable and ultimately establish the PDWG
The Fifth ISID Forum and industrial investment promotion meetings successfully organized, leaders of West African countries are sensitized to the PCP model, investment opportunities promoted in PCP Senegal projects	
Focus areas	
Industrial policy	
Launch of the UNIDO Industrial Development Report in Senegal	Development of an industrial action plan and strategy
Official presentation of the GIFIUD report at CIFIT in Xiamen, China	
Industrial diagnosis document developed, including strategic and operational axis for LPSD	Development of M&E tool for industrial policy

Competitive and integrated agro-poles	
ToR for feasibility study for the establishment of first agro-pole adopted by the national agro-pole working group	Conduct feasibility study to establish the first agro-pole
National agro-pole working group established	
Formulation of a PA phase for improving the efficiency and sustainability of the rice value chain in the Northern region of Senegal	Conduct a preparatory phase for the project focused on developing the rice sector in the Northern region of Senegal
Validation workshop organized for PARFA	Implementation of the PARFA project Organization of an investment forum focused on agro-poles
IIPs	
Validation of IIP master plan by the GoS	Finalization of Diamniadio 1st phase (finalization of SEZ reforms - including operationalization of legal text - and of incentive package)
Training on cost-benefit analysis	
Preparation of TOR for feasibility studies for two additional IIPs	Conduct pre-feasibility studies for the planning and development of two additional IIPs
Industrial mining hub	
SC established under the auspices of the MollPDST	
Full-scale diagnosis of the Kedougou region	Conduct feasibility study for the hub
Preparation of an implementation plan adopted by key stakeholders	
SEZ reform	
Consolidation of the incentive package, SEZ reforms, cost-benefit analysis and Diamniadio business plan	Finalization of Diamniadio 1st phase (Finalization of SEZ reforms - including operationalization of legal text - and of incentive package)
Training on cost-benefit analysis	Conduct feasibility study for Diamniadio (for funds and investment mobilization)

Cross-cutting interventions	
Energy and environment	
Sustainable Cities Initiative	
Validation workshop on the Sustainable Cities programme	Implementation of the Sustainable Cities programme
Preparation of report on green technology deployment in industrial zones	
Business sector development	
SME Upgrading Programme	
Assistance to the BMN in reviewing current operational methods, setting up new services tailored to SME needs, review of functional and organizational scheme and financial mechanisms	Assessment of existing upgrading tools of the BMN and their level of utilization by BMN staff
	Upgrading of tools and competencies of the BMN staff so they can better assist enterprises with specific upgrading
IDEA	
Institutional capacity-building for the Ministry of Vocational Training, Learning and Crafts, namely for the setting up of a national support office, development of a methodology and training kits	Training on economic stimulation for professional transition units in TVET centres
Data base developed to facilitate establishment of regional observatory in the Louga region	Regional observatory established, and related steering and monitoring mechanism
Priority sectors identified to facilitate local economic development strategy	Continuation of capacity-building services
Training of personnel of <i>Maisons du Développement Local</i>	Finalization of the value chain analysis in strategic sectors (two additional ones)
Value chain analysis – ten conducted	Continuation of cluster development
Cluster development for value chains	
Trade facilitation	
Strengthening of national quality infrastructure through capacity-building for national institutions	Institutional capacity-building services for ASN, MoIM and Ministry of Trade
Technical expertise provided to support food safety sub-policy as part of national quality policy	Capacity-building services for conformity assessment units and certification bodies
	Implementation of the West Africa Quality Programme
	Provision of quality services in IIPs and agro-poles

ANNEX 2: FUNDS MOBILIZATION REPORT

Table 1: Projects developed and funds mobilized

Project developed	Funds secured in 2016 (USD)	Funds expected in 2017 (USD)	Donor
Develop industrial strategy and action plan and M&E tools for industrial policy	47,000	2,000,000	GoS/AfDB
Technical assistance programme to implement integrated industrial parks	354,000	900,000	People's Republic of China/GoS
Establish three (3) competitive integrated agro-poles	88,000	2,850,114	People's Republic of China /GoS
Development programme for private sector & SME competitiveness in the region of Kedougou	74,000	1,103,956 (for the first phase)	People's Republic of China /GoS
Agricultural Value Chains Resilience Support Project (Joint UNIDO-IFAD technical assistance project of USD 7,219,450)	(Programme validated in 2016 for funding)	3,649,725	GEF Co-financing with GoS
Sustainable Cities Initiative	67,890	9,500,000	GEF Co-financing with GoS
SME Upgrading Programme	70,000	1,324,747	EU/Agence Française de Développement
Local Cluster Development Programme	50,000	5,000,000	Luxembourg/EU
IDEA 2 – Promotion of local economic development in the Louga region	582,333	150,000	Luxembourg
Trade facilitation – Development of a National Quality Policy and West Africa Quality System	47,000	1,070,000	EU
Sub-total	1,333,223	27,548,542	
Total (Funded 2016 and expected 2017)		28,881765	

Table 2: Projects under development and funds expected in 2017-2019

Project under development			
Technical assistance project to develop the rice value chain in Northern region of Senegal	Project designed in 2016	19,000 (for PA)	4,197,000
Innovation, science and technology – Establishment of a National System of Innovation in Senegal	PRODOC to be developed and submitted		TBD
Total (under development 2017-2019)			
			4,197,000

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