



**THE CONTRIBUTION OF RESEARCH TO THE PREPARATION OF THE
GOVERNMENT OF SENEGAL'S POVERTY REDUCTION STRATEGY PAPER
(PRSP)**

Overview paper

MIMAP Workshop and Africa-Canada Parliamentary Strengthening Program
February 18-20, 2004, Dakar - Senegal

February 2004

Abdoulaye Diagne
CREA – MIMAP Senegal

Introduction

As part of the international research network on “*Micro Impacts of Macroeconomic and Adjustment Policies*” (MIMAP) initiated by IDRC, the Centre de Recherches Economiques Appliqués (CREA) developed a program to analyze poverty and inequalities in Senegal in 2001. The aim was to arrive at an in-depth knowledge of the profile and determinants of poverty and differences in welfare within the Senegalese population, as well as transmission mechanisms at the level of households and individuals of the effects of macroeconomic policies taken at the national level or within the framework of the West African Economic and Monetary Union (WAEMU).

The aim of this paper is to show how this research program enabled the CREA to contribute actively to the production of the Poverty Reduction Strategy Paper (PRSP), which has since become the framework for the economic and social policies of the next few years. We will also explain how Phase II of MIMAP/Senegal intends to actively support the implementation process for this strategy. Lastly, the impact of the partnership between the CREA and the government in the formulation of the PRSP will be discussed.

1. Evolution of the involvement of the CREA in the PRSP

In its first phase, the MIMAP/Senegal network consisted of 15 researchers from a variety of institutions: nine from the CREA and six from the Ministry of Economy and Finance [Ministère de l’Economie et des Finances]. The latter were distributed as follows: two from the Forecasting and Statistics Division [Direction de la Prévision et de la Statistique (DPS)], two from the Economic Policy Unit [Unité de Politique Economique] and two from the Planning Division [Direction de la Planification]. The work of the CREA on poverty was well known to the Senegalese government. The DPS, which had the lead role in producing the PRSP, could thus clearly display its desire to draw only on Senegalese skills in formulating this strategy. When asked to support the process of drafting the PRSP, the Canadian International Development Agency (CIDA) retained a consultant to investigate the details of its contribution. Since the DPS had asked CREA to prepare a document on the status of the sites of poverty [“Etat des lieux de la pauvreté”] in order to provide an objective basis for discussions involving all the players, it proposed that CIDA finance the work of the CREA for the PRSP. The parameters of the study the CREA was asked to produce stressed the need to "identify more clearly the dimensions of the phenomenon of poverty, measure its extent, understand its distribution and characteristics in Senegal, identify its determinants and its

manifestations and evaluate the impact of the policies implemented to date". The CREA was thus called upon to examine the following questions as an orientation for diagnosis:

- what forms of poverty confront Senegal?
- what areas are most affected by this phenomenon?
- what social groups are most affected by this phenomenon?
- what are the determinants of poverty?

In addition to its role as consultant, the CREA was designated as a member of the technical committee responsible for the technical supervision of the preparation of the PRSP. The other members are: the Ministry of Health, the Ministry of Education, the Ministry of Agriculture and Husbandry, the Ministry of the Economy and Finance, and the Ministry of Mines and Energy. Lastly, the DPS also proposed that the CREA direct one of the five theme groups, the group on human resources.

2. The participation process: exchanges between the parties (government, researchers, civil society, donors ...).

Based on the "Poverty Status Report", the Technical Committee prepared a summary entitled "Diagnosis of Poverty". This diagnosis of poverty was discussed with all the actors involved in the socioeconomic life of the nation during the seminar to launch the development of the strategy, which was accordingly an opportunity to share the profile of poverty and inequality developed by the CREA.

The CREA's researchers also contributed to the work of the various thematic groups. The MIMAP/Senegal members of the Centre were allocated between the latter on the basis of their research fields. In addition, the meetings of the Technical Committee for the development of the PRSP enabled the researchers to help clarify a number of concepts, to explore issues such as inequality, which generally receive little attention in the formulation of economic policies. Lastly, the Director of CREA was invited to attend the meeting of the Paris Consultative Group on Senegal in June 2003. It was in the course of this meeting that the Poverty Reduction Strategy was presented as the overarching framework for Senegal's economic policies for the years to come. The Director of the CREA was thus able to defend the PRSP with the members of the Government of Senegal's delegation in front of the representatives of international civil society and donors.

The numerous exchanges between the local actors provided an opportunity to formulate a broad common-front approach to the poverty reduction strategy. Among the many points of consensus that the exchanges produced, one can cite the idea that "growth is necessary but is

not sufficient to reduce poverty". To reduce poverty, growth must be generated in the sectors in which the poor are involved, growth must encompass all categories of society, which must have the capability to participate in the creation of wealth in the country.

3. The results of cooperation between the Senegalese Government and MIMAP/Senegal

For the government:

1. The development of the PRSP made it possible to use the results of MIMAP/Senegal's work on poverty and inequality, even before the provisional reports on the work were available.
2. The development of the PRSP drew exclusively on local skills. The use of foreign expertise, as has been the practice in other African countries, would have been unavoidable had MIMAP/Senegal not developed specific capabilities in the area of the design of economic and social policies aimed at reducing poverty and inequality.
3. The links between the researchers and the government were strengthened: information circulates more easily, and the habit of working together developed.

For the CREA:

4. The PRSP experience increased awareness that the CREA must develop a far-reaching responsiveness to be able to respond immediately to requests from decision-makers that would enable it to validate the results of its ongoing work.
5. The interest shown by the various actors in the work of the CREA on "the Poverty Status Report", obliged the Centre to work on publishing this report.
6. The work of MIMAP/Senegal resulted in the CREA receiving requests on a number of occasions to chair a variety of training workshops on the analysis of poverty, government expenditures and poverty, macroeconomics and poverty. We note the contract signed between the CREA and the World Bank Institute with SISERA (the Secretariat for Institutional Support of Economic Research in Africa), with the CREA (Consortium for Economic Research in Africa - Consortium pour la recherche économique en Afrique) or with the Central Bank of the West African States (CBWAS). As a precursor of what was to become central to Phase II of the MIMAP/Senegal program, the CREA was asked by the Economic Commission for Africa (ECA) to prepare an appraisal report on the PRSP process.
7. Lastly, the MIMAP/Senegal Phase II research program is the product of the exchanges between the actors in the fight against poverty and the Centre's researchers.

4. The current status of this cooperation in the context of the SFFAP and outlook

1. The CREA brought together the DPS, the Strategic Framework for the Fight Against Poverty (SFFAP), the Ministry of Social Development and the Ministry of Agriculture with the formulation of Phase II of its program of research into poverty and inequality. The parameters of this program were proposed by these partners during a seminar was organized in August 2003 to identify research topics:
 - Refining indicators of poverty and inequality
 - Dynamics of poverty and inequality
 - Behaviour of households and poverty
 - Impact of the policies and programs of the fight against poverty.
2. MIMAP/Senegal has developed and tested a template for monitoring living standards at the local community level. The CREA has developed an information program for all actors in the fight against poverty about the interest the use of this template holds for evaluating the impact of these programs.
3. In Phase II, MIMAP/Senegal will provide tools for analyzing the impact of the various anti-poverty programs. While the SFFAP emphasises a monitoring-assessment template, the impact analysis, which is more complex but indispensable for capturing the real impact of these programs on poverty, is not included among the tools anticipated by the SFFAP.
4. Generally speaking, the capabilities of the structures responsible for strategy implementation and policy need to be strengthened. Furthermore, readjustments in the strategy will be necessary during Phase II of the MIMAP/Senegal research program. The CREA will be able to contribute both to the training of those involved in the implementation of PRSP and in the improvement of policies for it.

ANNEX: MIMAP/Senegal: results of Phase I and outlook

The results of Phase I, together with the objectives of Phase II of the MIMAP/Senegal program, are set out below.

Results of Phase I

The MIMAP/Senegal program Phase I comprised six main types of activity:

1. research including the collection, processing, and analysis of statistical and survey data;
2. experimentation with an observatory for monitoring the living conditions of the mass of the population;
3. the organization of workshops to train researchers;
4. the drafting of research documents;
5. the organization of dissemination seminars;
6. the publication of articles and policy papers.

At least one research report has been produced on each of the following topics:

1. Connection and constitution of a database on poverty and income inequality;
2. Measurements and profile of poverty;
3. Profile of income inequality;
4. Design of an observatory to monitor poverty and income inequality;
5. Construction of a Social Accountability Matrix (SAM) and general equilibrium modelling;
6. The generic dimension of poverty;
7. Education, equity, and the fight against poverty;
8. Poverty and access to credit.

MIMAP/Senegal Phase II

Accurate knowledge of the implementation conditions, and of the probable or actual results of poverty reduction policies is essential to the effective application of the action plan that emerged from PRSP. The expected results of the MIMAP/Senegal research program Phase II will contribute to highlighting the basis for this understanding. The activities under Phase II will focus on:

- 1) The implementation of the following projects:

- i) the identification of the borderline indicators of poverty and its application to the survey data on Senegalese households;
 - ii) the definition of a general formula that will demonstrate the arbitrary choice of income distribution legislation in the population;
 - iii) the definition of an equivalence scale for the population of Senegal;
 - iv) the decomposition of the variation of poverty into temporary poverty and chronic poverty, together with an analysis of their determinants;
 - v) evaluation of the willingness of the poor to pay for basic social services;
 - vi) the rationalization of monitoring indicators for anti-poverty programs;
 - vii) an evaluation of the impact on poverty and inequality on the one hand of policies affecting the labour market and Senegalese businesses, and on the other hand, of the degradation of a natural resource of prime importance: land.
 - viii) The collection and analysis of data on living conditions among the population, provided by some 10 observatories established in local communities.
 - ix) The production of a report on poverty and inequality covering Mauritania, Guinea-Bissau, Guinea Conakry, and Togo.
- 2) The establishment of observatories in local communities for monitoring and evaluating the impact of anti-poverty programs;
 - 3) The updating of the system of databases;
 - 4) The development of the ex-ante analysis framework of the impact of economic policies and external shocks on poverty and inequality;
 - 5) The constitution and upgrading of the capabilities of CREA researchers, and those of Mauritania, Guinea-Bissau, Guinea Conakry, and Togo participating in the program;
 - 6) The publication in international periodicals of quality work on poverty and income inequality in Senegal and in the countries of West Africa;
 - 7) The strengthening of partnerships between government and other actors in the fight against poverty and CREA researchers;
 - 8) The contribution to effective monitoring and in-depth assessment of the anti-poverty programs to provide government decision-makers with advice regarding continuous improvement of the PRSP implementation process.