



## Industrial Upgrading and Modernization Programme in Senegal

### Context

Several factors have affected the Senegalese economy during the last few decades. These factors mainly included the abolition of the Generalized System of Preferences (GSP) and the progressive loss of traditional trading privileges established by the Lomé Convention (ACP-EU). Furthermore, insufficient support from the Government to promote the manufacturing sector has led to a lower contribution of the sector to economic growth, employment and foreign trade.

Several reforms have been initiated by the Government to promote the role of private sector in the economy, such as the simplification of formalities for enterprise creation and the improvement of the business climate. However, these reforms have not succeeded in enhancing the competitiveness of the private sector.

### Strategy

The programme's pilot phase aimed to improve the competitiveness of local private sector producers. By initiating a process of industrial upgrading and promoting a new corporate culture among local businesses, the project aimed to improve the private sector's ability to cope with national and international market requirements. Based on the experiences from projects in North Africa (Algeria, Egypt and Tunisia), the industrial upgrading programme targeted Senegalese enterprises by providing technical assistance and financial incentives to support the adoption of new technologies and best management practices. The pilot phase was the result of cooperation between the Senegalese government, the private sector, the French Development Agency (AFD) and UNIDO.

In addition, the Senegal IUMP has strengthened the institutional environment necessary for private enterprise development. This has been achieved by building the capacities of national institutions and support structures with a particular focus on the consultancy sector.

### Impact/Outlook

The programme supported the establishment of national management and monitoring bodies with the necessary tools for the implementation of the National Upgrading Programme. Support from the programme enabled the national bodies to assist 54 local enterprises in improving their performance and implementing development/upgrading plans.

The National Upgrading Bureau in Senegal plays a key role in the promotion and implementation of the programme. The programme's capacity building activities enabled the Bureau to transfer its know how to several countries in West and Central Africa.

The success of the pilot phase encouraged UNIDO and the AFD to continue their cooperation with Senegalese counterparts for the implementation of Phase II of the National Upgrading Programme. The second phase focuses on environmental upgrading and promoting energy efficiency for Senegalese enterprises.



### Results:

The pilot phase of the programme demonstrated upgrading activities at enterprise level and created domestic technical expertise and the infrastructure necessary for a nationally owned upgrading process.

The pilot phase generated the following benefits for the beneficiary enterprises:

Improved competitiveness in agro-food, metal-work, wood processing and furniture, printing, and laundry sectors due to:

- ◆ Cost reduction and reduced production cycles
- ◆ Increases in capacity utilization
- ◆ Improved resource efficiency
- ◆ Reduced industrial waste generation
- ◆ Improved labor productivity
- ◆ Increased number of ISO, HACCP and TICs (Microsoft-Oracle-Cisco) certifications
- ◆ Increased export operations

Improved financial transparency and enhanced quality of business plans were submitted to banks for funding. This led to the mobilization of:

- ◆ €13.4 million provided by the financial sector
- ◆ €34.8 million of generated supplementary investments

### At a Glance

<b>GOAL:</b>	Improve the competitiveness of local private sector producers and promote a new corporate culture among local businesses
<b>MDGs:</b>	Ensure environmental sustainability and develop a global partnership for development Trade capacity building
<b>THEME:</b>	French Development Agency (AFD)
<b>DONOR:</b>	National Upgrading Bureau, National Steering Committee, Ministry of Mines and Industry
<b>PARTNERS:</b>	EUR 11.9 million
<b>BUDGET:</b>	Pilot phase completed in 2009 (with a second phase started in 2010)
<b>STATUS:</b>	September 2004 – December 2009
<b>DURATION:</b>	