

Senegal

Status Index (Democracy: 7.75 / Market economy: 5.54) 6.64		Management Index 6.77	
HDI	0.458	Population	11.1 mn
GDP per capita (\$, PPP)	1,648	Population growth¹	2.7 %
Unemployment rate	40 %*	Women in Parliament	19.2 %
UN Education Index	0.39	Poverty²	26.3 %
		Gini Index	41.3 (1995)
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. ¹ Annual growth between 1975 and 2003. ² People living below \$ 1 a day (1990-2003). * estimated – no reliable data available			

A. Executive summary

Senegal is a functioning democracy with some weaknesses, as is expected among least developed countries. Whereas Senegal scores high in terms of its open political system and stateness, its administrative capacity is deficient and corruption is of particular concern. Changes made to the constitution by referendum in 2001 paved the way for early elections called by President Abdoulaye Wade, who came into office in 2000. Subsequent national parliamentary and local elections replaced the 40-year rule of the Socialist Party (Parti Socialiste, PS) with the Democratic Party of Senegal (Parti Democratique S n galais, PDS). The PS has not dissolved; it has assumed the role of opposition party.

The consensus on market economy in Senegal is widespread. Political debates center not on the principles of a market economy, but on the degree of market openness and the application of market principles in specific sectors. Senegal has virtually no resource wealth other than fish stock in its coastal waters – threatened by unsustainable fishing – and some phosphates. The arid Sahel climate limits agriculture, although the southern region of Casamance shows potential. However, the region poses infrastructural challenges, as the region is cut off from the rest of Senegal by the Gambia. The peace agreement signed by the Senegalese government and the political leadership of the southern rebel movement MFDC in December 2004 has fueled hopes of sustainable peace and economic development.

Considering Senegal’s moderately high level of difficulty, the government has managed political transformation relatively well. The 2000 shift in leadership renewed support for economic transformation, which began in the late 1990s. President Wade is committed to international cooperation and is one of the driving forces of NEPAD and the AU. Deficient administrative capacities, and to some extent donor pressure, have resulted in mismanaged privatization (e.g. electricity utilities and peanut marketing).

Careful optimism is in order with respect to Senegal's future prospects. Senegal's weak economy faces further challenges such as persistent unemployment. Major leaps in economic development are therefore unlikely. However, opportunities for improvement exist, as French companies increasingly outsource services to Senegal. Increased efforts must be made to improve the long-neglected education sector. As a French and U.S. strategic ally, Senegal will continue to benefit from this partnership, which the political elite values.

B. History and characteristics of transformation

Since independence from France in 1960, Senegal has been a showcase of political development in West Africa. Despite intermittent periods of single-party rule, President Leopold Senghor headed a relatively liberal regime and stepped down willingly in 1981. His Socialist Party ruled Senegal for over 40 years. Political transformation began in 1976, when party registration was limited to four political rubrics: socialist, Marxist, liberal and conservative (the currently ruling PDS party reluctantly opted for "liberal" back then). Fully liberalized in 1983, the party system grew rapidly. Subsequent fragmentation enabled the ruling socialists to maintain their power, despite their decreasing share of the popular vote. Debates over needed economic reforms and personal rivalry over the control of increasingly scarce resources strengthened centrifugal forces within the PS. Senegal's economy began deteriorating in the 1990s until the devaluation of the CFA franc. Growth rates have since improved, but fail to meet the needs of a growing and increasingly urban population. Senegal regressed to the status of a least developed country in 2001.

Long-time opponent Abdoulaye Wade won a clear majority in the second round of presidential elections in March 2000. This election victory was made possible by the support of a former PS faction. Moustapha Niasse, the former foreign minister and leader of a dissenting PS faction, became prime minister. Newly formed parties cleared the way for political change by splitting the PS vote. The coalition government called for early elections by changing the constitution, which was approved in a referendum. Personal rivalry between Wade and Niasse and tactical considerations led to a coalition split prior to the elections; Niasse was fired by the president and replaced by an independent technocrat, Ms. Madame Madior Boye as prime minister. The elections resulted in a vast majority of the party alliance supporting President Wade (CAP-21, *Convergence des actions autour du Président en perspective du 21^{ème} siècle*). In November 2002, party positions grew increasingly visible as the political 'crown prince' of the PDS, Idrissa Seck, became prime minister. As Seck's popularity increased, so too did the pressure on Wade to clear the way for his succession. Consequently, Seck was replaced in April 2004 by Macky Sall.

Senegal's political system has benefited from the opposition's stabilization. Parties group themselves along pro-government vs. opposition lines, yet rivalries

and friction within both remain strong. By the end of the 1990s, the formerly ruling PS split into rival factions. This factionalism was driven by personal rather than ideological conflicts, as is common in Senegalese politics. When Ousmane Tanor Dieng was appointed PS leader, rivals from within broke rank and formed their own parties. This was the case for the AFP under Moustapha Niasse and for the first defector, Djibo Kâ, who founded the URD.

When Niasse was removed from his post as prime minister, his party began cooperating loosely with two other opposition parties in parliament to form the CPC (Cadre permanent de concertation). Ironically, the three rivals found themselves on the same side of the table once again. The CPC withstood several attempts by the government to co-opt its ranks until April 2004. With the Macky Sall government, President Wade managed to bring Djibo Kâ's URD on board and thus divide the opposition.

C. Assessment

1. Democracy

Senegal is one of relatively few democratic states in sub-Saharan Africa. Senegal's low level of development hinders institutions' functionality and potentially limits political culture. Senegal has fewer problems with stateness and political participation. However, the rule of law and social integration are deficient.

1.1. Stateness

Senegal draws upon a long tradition, albeit limited in scope, of state structures modeled on the European experience, which dates back to the mid-19th century. The Casamance region was integrated relatively late into French colonial rule (1920). Although a rebel movement exists in Casamance, it is increasingly losing political ground. A peace agreement between the government and the rebels' political arm was signed in December 2004. There are no problems in defining citizenship in Senegal, although documents are issued slowly. There is consensus on the separation of church and state, which is guaranteed by the constitution. While Muslim networks are important to the Senegalese population, politics in Senegal are not driven by religious convictions. The president belongs to the brotherhood of Mourides, but strongly defends laicism. Christian minorities (about 5-8% of the population) practice their religion freely; founding President Senghor was Catholic. State administration is present throughout the country, albeit less so in remote areas. Government administration shows functional deficiencies due to the lack of adequate (human) resources and poor infrastructure.

1.2. Political participation

Universal suffrage, free election campaigns and democratic elections are assured, both de jure and de facto. An autonomous selection committee administers voter registration and vote counts, yet the precise set-up of the committee is often the focus of political debates. The president has strong political powers in a centralized system. The military is excluded from polls and the right to campaign for office, and is kept under civilian command. This is ensured partly by engaging the military in peacekeeping missions throughout Africa.

An inefficient state apparatus functions as the major hurdle to the effective control of elected representatives, and hinders civic groups. The right to free assembly and freedom of the press are politically guaranteed and respected. The press and radio stations are pluralistic and multiple in number. Relatively tight media laws sometimes lead to extra caution exercised in the coverage of issues involving the highest officeholders. In the past, court rulings against publications have led to restraints in reporting on higher officials. The 2004 Index of Press Freedom classifies Senegal as “partly free.”

1.3. Rule of law

The rule of law is formally obeyed in Senegal. A lawyer by training, the president holds legal conduct in high esteem. While checks and balances are provided for formally, the political system is dominated by the president. Upon his election in 2000, President Wade promised to ‘parliamentarize’ the political system. However, he failed to carry through on this promise once his political ally Niassé was rendered dispensable. Despite shortened office terms resulting from the new constitution in 2001, the president’s position is likened to paternalistic rule as it occludes the proper checks and balances. Politicians who have become too popular and might challenge the officeholder have been removed from their positions. The judiciary is formally independent and— in a few cases — has ruled against officeholders. The legal system, however, is not accessible to most ordinary citizens due to financial, cultural and language barriers. Corruption further hinders the effective functioning of an independent judiciary and no independent body fighting corruption exists. High-level corrupt officeholders are accused by the press, and the previous government was systematically exposed to corruption inquiries by the new officeholders. Corruption is endemic in the poorly paid public sector and remains an unacknowledged problem in the ranks of the governing parties. Civic rights are restricted by the inefficiency of state agencies only. Past reports on violations of human rights have indicated problems with civic rights in the Casamance, which have since improved considerably.

1.4. Stability of democratic institutions

Democratic institutions in Senegal are largely accepted. Their capacity to act is limited by the notorious lack of human and physical resources characteristic of a least developed country. Democratic institutions' capacity to act is sometimes limited even further by the persistence of infighting, which is motivated largely by political competition and the need to place supporters and followers. The legitimacy of democratic contests is not questioned by any significant political actor. The MFDC, the political arm of the Casamance Movement, has renounced the use of force. Its leverage over all parts of the armed groups is however, limited.

1.5. Political and social integration

Patterns of representation are evolving and conflicts between the state and society are addressed. Given the level of economic difficulties, civic culture is relatively strong. The political system's legitimacy among citizens increased particularly following the change in government in 2000, with election participation above 60%. Despite a high level of personalization, party constituencies are recognizable, yet fragmented. Changes to the constitution in 2001 ended the practice among officeholders of switching political affiliations before or shortly after elections. Changing party affiliation ("floor crossing") now leads to a loss of mandate. The multitude of parties group along the lines of government vs. opposition and have formed frameworks for internal coordination. This has the side effect of reducing parliament's importance, as deals are struck informally in these coordination meetings beyond the formal institutions.

Traditionally, religious authorities have been co-opted by the PS government. Their immediate involvement in politics, however, has decreased. The network of interest groups is relatively thin and concentrated in urban areas (about half of the population). Rural representation is difficult to achieve. International pressure groups generally are more capable of mobilizing greater leverage over decision makers. Senegal's associations enjoy a rich life by Sub-Saharan African standards. Euphoria over the electoral victory has abated somewhat as there have been few tangible economic results. The democratic system as such however, is not substantially challenged. According to an Afrobarometer survey, 75% of all respondents prefer democracy to any other kind of government and reject strongly authoritarian alternatives such as military rule and a one party state. Self-organized associations such as savings groups (*tontines*), hometown associations or religious groups of a religious leader (*marabout*) are relatively common. The level of trust beyond the political system is comparatively high within society.

2. Market economy

Senegal has a market economy and rejected ‘African socialism’ since the late 1990s. As a least developed country, choice is limited for a large portion of the population.

2.1. Level of socioeconomic development

Senegal is a least developed country. Social marginalization is widespread and structurally ingrained. Senegal ranks 157th of 177 on the Human Development Index. Between 1990 and 2001, nearly one-third of the population was living below the national poverty level. More than two-thirds of the population lives on less than \$2 a day. Poverty is particularly widespread in rural Senegal. Re-occurring droughts and plagues of locusts, such as those in 2004, negatively affect the rural population’s livelihood and add to the trend of increasing urbanization. The educational system is in constant crisis and urban employment opportunities are very limited; Senegal receives a low 0.39 on the U.N. Education Index. The unemployment rate is estimated to be around 50%.

2.2. Organization of the market and competition

Senegal has the basic institutional framework for a market economy. The informal sector creates more jobs than the formal economy. The liberty to establish a business can be hampered by poorly functioning public institutions. However, economic freedom is largely guaranteed and the state has increasingly withdrawn from economic activities in the last decade. Monopolies persist in some crucial sectors. Given the limited starting position of the formal economy, monopolies are easily established, although not actively fostered by the state. A large number of state monopolies, including that on peanut marketing, have been broken up in the last three years. The implementation of these reforms was often interrupted, as seen in the case of the electricity company, *Sénélec*. Foreign trade reform is relatively advanced and the market increasingly open. Several decisions pertinent to trade reform, including tariff reductions, are made within the West African Economic and Monetary Union (WAEMU). Corruption coupled with administrative limitations remains however, a practical obstacle—particularly for small traders. Restructured in the mid-1980s and stable, the banking sector is diversified and guided by a strong regional bank (BCEAO). Access to small credit sums however, remains a problem for small entrepreneurs in particular.

2.3. Currency and price stability

Senegal is a member of the franc zone; its currency is thus pegged to the euro and guaranteed by the French treasury. The West African regional bank is fully

independent of politics in West African states and inflation is generally low, excepting the post-devaluation period in 1994. The government is running a long-term budget deficit. Generally committed to stability, institutional safeguards are low. The WAEMU has instituted a stability pact on par with that of the euro zone, yet compliance with the rules is not enforceable.

2.4. Private property

Property rights are guaranteed and generally respected. The legal defense of property rights is unsatisfactory because of shortcomings in the judiciary (capacity and corruption, plus inaccessibility for most citizens, as described above). Private, mostly small enterprises in the informal subsistence economy are the backbone of the dynamic sectors of the economy. Several large state companies have been privatized in the last decade and largely opened to foreign investment. Room was made for small shareholders during the privatization of several sectors, including telecommunications, water utilities and transport. The scarcity of capital in Senegal leads to a high number of shares for a few investors and persistent problems with privatization in some sectors, such as electricity and the peanut parastatal.

2.5. Welfare regime

Encompassing employees of the formal sector only, Senegal's welfare regime is rudimentary. Very large portions of the population are not covered by formal social security schemes, such as health care. Extended family networks are the fallback option for most Senegalese. In this context, international migration provides a major source of income, and may be considered a livelihood strategy for families. Remittances amount to an estimate of about 9% of the GNI. The education sector is inadequate and below the average Sub-Saharan standard. Women are *de jure* equal to men and have access to high positions in urban areas; in 2001-2002 the prime minister was female. However, traditional and cultural restraints on choices for women persist. Genital mutilation is not practiced by the largest ethnic group in Senegal and is outlawed in the country. Law enforcement, however, is particularly difficult in remote areas.

2.6. Economic performance

Since the devaluation of the CFA franc, the economy has shown a growth rate of circa 5% annually. Inflation is negligible and estimated to be at 0.0% in 2003 and 0.5% in 2004. The government deficit is estimated to have been reduced to 0.8% of GNI, after 1% in 2003. No data is available on unemployment; it is estimated to be high, especially among the urban youth (above 50% at least). Despite an extraordinarily low rate of inflation, Senegal will have difficulty in catching up

economically because of its weak starting position and rapid population growth. (see table, 4.2) Having reclassified as a Least Developed Country in 2001, Senegal qualifies for more advantageous credit conditions. President Wade is a strong supporter of the NEPAD initiative and hopes to spark growth with large infrastructure projects that have been implemented slowly due to a chronic lack of funding.

2.7. Sustainability

The supply of potable water is a persistent problem, particularly in the rapidly growing capital, Dakar (circa 4% annual population growth). Environmental concerns are voiced and considered by the administration. However, economic and demographic pressure is usually stronger and immediate. One of Senegal's key economic resources, fish, is increasingly endangered by overfishing by European licensees and small local fishing enterprises. The country has little natural wealth and is predominantly arid; fish and peanuts are the main exports. The peace process in Casamance might enable the country to develop its agricultural potential in the southern, more fertile regions. Senegal must develop more of its human potential for sustainable growth. The current education system, for instance, is largely insufficient.

3. Management

Senegal is facing a high level of difficulty in economic management. Nevertheless, all key political actors are committed to reform and have established a consensus on most foreign and macroeconomic policy. The focus on the person of the president encourages a very centralist style of government. President Wade has fostered this centralization by his high frequency of sacking governments. Senegal has seen four governments within the last four years, despite a broad parliamentary basis of the governing coalition.

3.1. Level of difficulty

The level of difficulty in Senegal is generally high. While some inefficiency at the government level can be observed, they pose neither the only nor the greatest constraints. The deficient capacity of Senegalese authorities is a key factor in governance shortcomings.

The structural constraints on governance are very high. Poverty is widespread (two-thirds of the population live on less than \$2 a day), the climate harsh and population shifts toward urban centers increase demographic pressure, particularly on the capital Dakar. On the other hand, vast and sparsely populated areas in the country's eastern region are difficult to supply with public services. An

underdeveloped infrastructure throughout large parts of the country affects poorer areas in particular, but places constraints on economic activities in general. To wit: water and electricity supplies are interrupted; the latest Cholera outbreak occurred during the dry period of September/October 2004.

Traditions of civil society exist, and are relatively well-established. Some organizations date back to French colonial rule, when four municipalities in Senegal were part of France. Currently, hometown associations are active particularly among migrants, and human rights groups act as watchdogs in urban areas. Most local NGOs are constantly challenged by the lack of funding. The resulting high dependence on donor funding and concentration of activity in the capital might impact negatively on the representativeness of these associations.

Despite the prevalence of several ethnic groups (the largest group, the Wolof, comprises only 40% of the population), ethnic cleavages are not a central feature in Senegalese life. Excepting the southern region Casamance (see section D), ethnic sensitivities are moderate. Ethnic groups in Senegal are closely related and have maintained strong links dating back to pre-colonial times that reach as far back as the Malian empire of the 12th century and successive Wolof kingdoms in the 17th and 18th centuries. Senegal's colonial experience with four municipalities having been integrated within France and represented in the French *Assemblée Nationale* has also shaped a common identity that lies beyond ethnic loyalties. While political parties have certain strongholds (e.g. PADS is particularly strong in the Upper Casamance with its leader Casamançais), they are represented and voted for throughout the country. Religious tolerance is deeply rooted throughout society and faith is not a source of political conflict.

Profile of the Political System

Regime type:	<i>Democracy</i>	Constraints to executive authority:	2
System of government:	<i>Semi-presidential</i>	Electoral system disproportionality:	23.8
		Latest parliamentary election:	29.04.2001
		Effective number of parties:	1.8
1. Head of State:	<i>Abdoulaye Wade</i>	Cabinet duration:	
Head of Government:	<i>Idrissa Seck</i>	Parties in government:	34
2. Head of Government:	<i>Idrissa Seck</i>	Cabinet duration:	
3. Head of Government:	<i>Macky Schell</i>	Cabinet duration:	
		Parties in government:	>4
		Number of ministries:	33
		Number of ministers:	38

Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Electoral disproportionality (Gallagher index) reflects the extent to which electoral rules are majoritarian (high values) or proportional: $\sqrt{\frac{1}{2} \sum (v_i - p_i)^2}$; v_i is the share of votes gained by party i ; p_i is the share of parliamentary mandates controlled by party i . For presidential/ semi-presidential systems, the geometric mean of presidential election and parliamentary election disproportionality is calculated. Effective number of parties denotes the number of parties represented in the legislature, taking into consideration their relative weight (Laakso/Taagepera index) = $1 / (\sum p_i^2)$; p_i is the share of parliamentary mandates controlled by party i . Number of ministries/ ministers denotes the situation on 1 January 2005.

3.2. Steering capability

The Senegalese government can formulate long-term strategies relatively well. Abdoulaye Wade was – *inter alia* – a driving force in establishing the NEPAD initiative. His *Plan Omega* was merged with similar initiatives by the presidents of Nigeria, South Africa and Algeria. Senegal's government has continued privatization policies begun in the late 1990s. While the government is committed to democracy and economic reform, its range of movement is limited by economic constraints, inadequate administrative capacities and party rivalry in a coalition government. Conceptually, political parties in Senegal do not differ from one another and rivalries tend to be personally, not ideologically motivated. Senegal has a highly centralized political system and much depends on the personal capabilities of the president, as expectations focus on his actions.

The president does periodically adjust his decisions in response to public criticism and international opinion. Particularly with respect to foreign policy, Wade has learned from past mistakes and improved his diplomatic skills. The office of prime minister has functioned as a 'buffer' between the president and the Senegalese public; firing the prime minister has been viewed as an indication of the president's impatience. While Abdoulaye Wade's leadership is driven by a clear reform agenda, reforms are at times ad hoc and subject to abrupt change; many decisions are made by the president behind closed doors. His erratic style and emphasis on foreign policy is subject to increasing criticism in Senegal. However, popular support for Wade remains strong, as shown by the large rallies on March 16, 2004, celebrating the fourth anniversary of Wade's election victory in 2000.

3.3. Resource efficiency

Despite a clear majority of the ruling coalition in the National Assembly, Senegal has seen frequent government change. Personal rivalries between the president—who is more than willing to interfere—and prime ministers have resulted in dismissals. The state budget runs a deficit of 1%; Senegal is aiming at a balanced state budget for 2004/05 in accordance with WAEMU convergence criteria. Senegal has met most of the WAEMU targets in the last three years. A balanced budget, however, is not to be expected—due not in the least to capacity constraints in the Ministry of Finance. Since 2002, Senegal has a Poverty Reduction Strategy Paper (PRSP) to guide political decisions that is supported by a medium-term expenditure framework. The 2004 budget is based on the PRSP (increase in social spending) and the WAEMU convergence criteria (reduction of the budget deficit). The high number of ministries and lack of capacity, however, make coordination a particularly challenging problem. The president has officially denounced corruption and carried out '*les audites*' after assuming power. However, this inquiry into corruption in the previous government failed to create an institutional body aimed at battling fraud and corruption. The perceived level

of corruption in Senegal was greater than that in Benin, Mali or Gabon in 2004 and worsened slightly since 2003. In the public debate, the ruling party reacts quite sensitively to accusations of funding abuse within its ranks.

3.4. Consensus-building

President Wade's political leadership is capable of seeking pragmatic coalitions to pursue his political goals. Recently, he managed to bring the opposition URD into government—a move intended to split the opposition rather than build a consensus. However, democratic principles as well as (market oriented) economic and foreign policies are based largely on a consensus among the Senegalese elite. Religious leadership, after some attempts at political influence in the 1980s, is active primarily in spiritual and moral issues rather than shaping party policies. Criticism of the political and economic system is marginal—an expression of degree rather than fundamental objection. In the past, religious leaders were excluded from direct political involvement through co-optation by capable politicians. In the late 1990s, most religious dignitaries – co-opted by the then highly unpopular PS government – realized that involvement in politics harmed their position within their communities, particularly in the cities. Voters increasingly ignored voting endorsements by religious figures. The military, as a potential veto actor, is politically marginalized by being prevented from voting. This is meant to keep political discussions 'out of the barracks'. Political cleavages in Senegal are generally contained within the political system. Ethnicity does not play a strong role in party politics, and ideological confrontation is limited. The Casamance conflict was the only exception in the last 20 years, and appears closer than ever to being solved. Party lines were more permeable in the past, which facilitated detachment among political elites. There is little active support for the cultivation of civic engagement. However, Wade's initial '*Dakar propre*' ('clean Dakar') campaign appealed to the public's sense of civic responsibility for their municipality. There are increasing pressures placed on the government to deliver on economic promises; the lack of progress undermines the government's ability to trigger civic engagement campaigns.

The government responds to voiced views within civil society. For example, human rights organizations and the association of market traders are acknowledged voices in public discourse. However, elected representatives and special committees of the governing party (e.g. on women or youth) are preferred over civic organizations outside of party politics. The government has succeeded in facilitating conflict resolution in southern Senegal, partly by replacing the leadership under Abdou Diouf. The Wade government has issued an amnesty for rebels and promised an economic program for the region. Beyond the Casamance conflict, political observers have been concerned about increasing tensions in Senegalese politics. Zealous followers of the president might have been behind an attack of an opposition politician in 2003, which resulted in a public outcry and a large political rally in Dakar.

3.5. International cooperation

Together with his counterparts in South Africa, Algeria and Nigeria, President Wade was one of the driving forces behind the NEPAD initiative. He is an ardent advocate of partnership with the G8 and nations across the African continent. At times, relationships with the IMF have been strained by divergent views of political priorities, particularly when it comes to modalities and timetables for privatization efforts. It remains to be seen if NEPAD results in increased funding and whether these funds will be used sensibly to create sustainable economic growth. Thus far, the Wade government's planned large-scale projects have yet to materialize. Talk of a new airport, harbor, railway etc. goes as far as to suggest the construction of a new capital beyond the Cape Verde Peninsula. There is much debate over the impact such plans currently have on economic development and their potential impact is contested.

Senegal has been a reliable partner of the international community and has signed up to the African Peer Review Mechanism within NEPAD. Ties with France and the EU are traditionally strong; France maintains a military base in Senegal with 600 soldiers. President Wade has also attempted to strengthen ties with the United States, and Senegalese troops have participated regularly in peacekeeping missions of the United Nations. Senegal participated in the first Gulf war, but did not support the war in Iraq, expressing concerns about the war's international legality and legitimacy. Relations with Guinea-Bissau remain shaky, where political development is important to stability in the Casamance province. Senegal's relationship with its southern neighbor improved when a civilian government was appointed following a coup d'état in Bissau in September 2003. In contrast to previous years, the Senegalese government employed diplomatic interventions rather than military intervention. A peace accord reached with the rebel movement might also improve the relationship with the Gambia, which was accused of supporting the MFDC. Senegal's relationship with Mali is generally good. President Wade's blunt statements, particularly those questioning the legitimacy of many of his fellow African heads of state, have irritated diplomatic relationships with other African countries. However, President Wade is a devout pan-African and plays an important role in the African Union.

4. Trend of development

Senegal's low level of economic and human development (e.g. low literacy rate, scarce knowledge base of the administrative language French, etc.) function as a constraint on the political system in general. The country's political leadership has shown some tendencies toward populism, which is of concern. In some cases of heated debate with the president's critics, death threats have been issued to the critics. However, these threats were addressed and condemned by the public.

The media functions primarily as a watchdog; radio stations are particularly crucial in a least developed country such as Senegal with low literacy rates. Overall, Senegal is a functioning presidential democracy. However, slow economic development frustrates the population's expectations. Growth rates are below the level necessary for significant economic gains to be made, and per capita income is shrinking. With widespread unemployment and a minimal to non-existent social security system, public impatience with the government is on the rise.

4.1. Democratic development

As a significant step toward consolidating democracy, Senegal's peaceful change in government in 2000 proved that its political system functioned in basic terms. Subsequent parliamentary and local elections in 2001 and 2002 were declared free and fair and furthered the acceptance of political institutions in Senegal. The new constitution improved the political system by shortening the presidential term to five years, yet failed to strengthen legislative power. The prime minister must continue reporting to the president and can be dismissed by him. Although Abdoulaye Wade is a devout democrat, his paternalistic style has facilitated the centralization of power even after the initial coalition government raised hopes of 'parliamentarizing' the system. The level of political participation in Senegal has dropped slightly, but the rule of law has continued to be respected, and the military challenge to stateness by southern rebels has been reduced.

The MFDC leader, Abbé Diamancouné, participated in the celebration of the anniversary of independence in April 2004. The desire to conduct early parliamentary elections in 2001 was understandable after the strong electoral victory of President Wade in the presidential elections; the constitution was revised by the presidential coalition and subject to a constitutional referendum in 2001. Wade's coalition won large support in the elections – and the opposition managed to organize itself, proving concerns that the PS was dissolving, wrong. While Wade's support among the population remains strong, it is declining as he fails to deliver on election campaign promises. The political system, however, is not questioned.

4.2. Market economy development

Senegal is starting from a very low level of economic development. The country ranked 155th in human development in 2000 (database 1998), and fell back to 157th in 2004 (2002). Senegal's HDI improved slightly from 0.416 in 2000 (1998) to 0.437 in 2004 (2002). Between 1995 and 2000, the HDI rose by 0.027. The institutional framework for a market economy has not changed significantly. However, the tone of the political debate has changed since 2000 and more liberal policies have been embraced. Senegal scores relatively well in the index of

economic freedom of the Heritage Foundation/Wall Street Journal; it obtained the best ranking in West Africa after Cape Verde and Mauritania. The score has improved every year since 1996. However, it is still rated “mostly unfree” (Rank 72nd in 2005).

As Senegal is a least developed country, severe shortcomings persist in the fields of absolute socioeconomic development (which is stagnant) and social welfare. Lacking administrative capacity and corruption control, market regulations are equally deficient. Monetary policy is co-determined by external actors; price stability is largely safeguarded. Macroeconomic strength has improved over the period in question. The annual growth rate is approximately 5%--a rate insufficient to have a sustainable impact on large sections of the population or create dynamic growth.

Development of macroeconomic fundamentals (2000-2004)

	2000 ^a	2001 ^a	2002 ^a	2003 ^b	2004 ^b
Growth of GDP in %	5.6	5.7	1.9	5.9	4.8
Export growth in %	-12.0	10.7	6.0	20.0	3.0
Import growth in %	3.0	6.0	11.0	21.0	9.0
Inflation in % (CPI)	0.7	3.0	2.3	0.0	0.5
Investment in % of GDP	17.3	19.3	n.a.	13.9	n.a.
Current Revenue in % of GDP ^c	n.a.	n.a.	19.0	19.6	n.a.
Unemployment in %	n.a.	n.a.	n.a.	n.a.	n.a.
Government balance as % of GDP	n.a.	n.a.	-1.8	-1.0	-0.8
Current account balance in billion \$	-0.33	-0.24	-0.31	-0.53	-0.45

Source: Economist Intelligence Unit, *Country Report Senegal*; ^a actual, ^b estimate

^c World Bank data, *Senegal at a glance*, 2004.

D. Strategic perspective

Senegal is likely to remain a stable democracy with a largely stagnant economy. The current coalition has a broad political base in parliament and is likely to stay in power. The political atmosphere is already heating up with regard to the 2006 elections. Tensions will increase within the heterogeneous political camps, especially the president's coalition CAP-21. Smaller coalition partners will flex their muscles demonstratively to the PDS, which is increasingly accused of overruling its smaller partners. Internal struggles within the PDS over Wade's successor will also increase. Political ambitions have already cost one prime minister his post; much will depend on how Wade prepares for his succession, as he has shown little inclination to do so in the past.

The peace prospects for the Casamance are good, as the highest levels of the Senegalese political class are committed to the peace process. A large number of MFDC leaders have apparently concluded that military action is no longer an option. However, the highly fractioned MFDC will remain a difficult partner. Disarmament and reintegration of former combatants into the legal economy will be the challenge in establishing a lasting peace.

Africa's high ranking on the international agenda in 2005 (G8, summit on the Millennium Development Goals) will result in increased aid for the continent, even if not at the levels discussed in late 2004/early 2005. Senegal, as a democratic country, is likely to benefit from these increased funds, such as the Millennium Challenge Account of the U.S. government. Funds from this support may start flowing in late 2005 and 2006 and boost the president's infrastructural plans. Abdoulaye Wade will maintain his strong support of NEPAD and engagement with the G8.

Senegal will remain weak economically. Structural challenges must be tackled before sustainable growth for large parts of the population are achieved and noticeable. While Senegal does not suffer from the 'resource curse'—which has arguably limited the Casamance conflict—its economic base is small. The growth rate will remain relatively stable. Senegal benefits in part from the conflict in Côte d'Ivoire, as a greater share of Malian goods are routed over Dakar.

A lasting peace in the Casamance will open opportunities for the agriculture and tourism sectors, for which there is growth potential. Both sectors, however, will require investment in infrastructure if they are to compete on the international market. The extremely high rate of unemployment among youth will continue to cause problems in Senegal. Urban discontent can eventually pose a threat to Senegal's political stability.