

# BTI 2010 | Senegal Country Report

<b>Status Index</b>	1-10	<b>5.53</b>	# 71 of 128	
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scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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### Key Indicators

Population	mn.	11.9	HDI	0.46	GDP p.c.	\$	1737
Pop. growth	% p.a.	2.6	HDI rank of 182	166	Gini Index		39.2
Life expectancy	years	55	UN Education Index	0.42	Poverty <sup>2</sup>	%	60.3
Urban population	%	42.1	Gender equality <sup>1</sup>	-	Aid per capita	\$	67.9

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

## Executive Summary

Historically, Senegal has been one of the showcases for democracy and a market economy in West Africa. Despite only modest – if any – economic success, the country has remained politically stable and has seen uninterrupted civilian rule since its independence. In 2000, it managed to change its government through an election. However, during recent years, it has become evident that the political and economic systems have begun to show growing instability. The political system and its leaders are losing credibility and support.

President Abdoulaye Wade, an 83-year-old long-term opponent to the formerly ruling party, has disappointed high hopes for political and economic change. Despite some successes in sectors such as telecommunication and services, the economic situation has not substantially improved for the majority of Senegalese. An annual economic growth of 5% is too little for tangible economic improvements given the number of youth seeking employment on the labor market each year. Difficult environmental framework conditions and high aid dependency limit room for maneuvering in the best of times. 2006 and 2007 witnessed unsuccessful harvests; in 2008, the international price for oil was, for the most part, extremely high. For an oil-importing country like Senegal, this – and the fact that the country has a deteriorating electricity infrastructure that needs investments – results in high energy prices. Moreover, developmental efforts have been concentrated on the capital region of Dakar. Peanut production, which is the vital economic basis of its population, has suffered, and no economic alternatives have been found. In the last two years, mounting discontent with economic prospects has triggered spontaneous and unorganized riots in Dakar's streets.

To the disappointment of many observers, the political culture in Senegal has deteriorated over the last two years. In 2007, after Wade's victory in the first round of the presidential elections for his second term, the opposition boycotted parliamentary elections. This decision by the opposition leadership has put key political forces outside democratic institutions. The souring of

political debate is partly a response to hopes that were too high at the outset, but it was also caused, in a structural sense, by the persistent focus on strong presidential rule and the heavy-handedness the current government uses in making decisions. Political battles over Wade's succession are also growing.

Internationally considered to be a reliable partner, the Senegalese government faces questions by external partners, whether over audit reports that cast a light on insufficient public expenditure management, harsh comments on EU-Africa relations, individual human rights cases and the harassment of journalists and the press, many of whose representatives are being persecuted in the courts.

## History and Characteristics of Transformation

Senegal has been labeled a political showcase country in West Africa since its independence in 1960. Even during (relatively short) one-party state times, the founding president of Senegal, Leopold Senghor, had a relatively liberal regime and stepped down voluntarily in 1981. Senghor's party, which has been called the Parti Socialiste (Socialist Party, or PS) since the 1970s, ruled the country for over 40 years. The beginning of the political transformation dates back to 1976. The party system was fully liberalized in 1983, which led to numerous subsequent party foundations and regroupings. This fragmentation enabled the ruling Socialists to stay in power despite a decreasing share of the vote. Its political system is characterized by politicking, that is, personal rifts becoming party policy matters. In the late 1990s, debates about necessary economic reforms and personal rivalries over control of increasingly scarce resources strengthened the centrifugal forces within the PS. The macro-economic situation deteriorated in the early 1990s until the devaluation of the regional currency, the CFA franc. Since approximately 2000, annual growth rates have been around 5%, but they do not match the needs of a growing and increasingly urban population. In 2001, Senegal reclassified as a least developed country (LDC). Life of many Senegalese becomes particularly difficult in times of high oil and food prices (as was the case in 2008) since Senegal is highly dependent on energy imports.

In the presidential elections of March 2000, long-time opponent Abdoulaye Wade managed to get a clear majority in the second round of the election. This election victory was made possible by the support of a former PS faction. Moustapha Niassé, the former foreign minister and leader of a dissenting faction within the PS, who had formed "his" party before the elections, became prime minister. The coalition government managed to call early elections through a referendum-approved amending of the constitution in January 2001. A personal rivalry between Wade and Niassé, as well as tactical considerations, led to the split of the coalition before elections. Niassé was fired by the president, and a "technocratic," nonaffiliated (female) prime minister was appointed. The elections resulted in a vast majority of the party alliance supporting President Wade. This alliance was led by Wade's Parti Démocratique Sénégalais (Democratic Senegalese

Party, or PDS), but it also included around 30 smaller parties. Mame Madior Boye remained the prime minister. In November 2002, the political “crown prince” of the PDS, Idrissa Seck, succeeded her as prime minister. As a result, the government became more “political” in that party positions became more visible. When the popularity of these prime ministers threatened to increase pressure on the more-than-70-year-old president to pave the way for his succession, they were sacked. This is what happened to Seck in April 2004, when he was replaced by Macky Sall, who in turn was replaced by another politician without strong party support, Cheikh Hadjibou Soumaré. There is a strong suspicion among the public that the judiciary is used for politicking. After allegations of corruption against Idrissa Seck and a bitter public struggle between him and the president, Seck unexpectedly returned to the ranks of the PDS in late 2008 against strong protests of the PDS group surrounding Karim Wade, the son and potential successor of the president.

Macky Sall, in turn, was charged with corruption and harassed by the police. He has lost all political responsibilities (e.g., being the speaker of parliament, a member of parliament and a mayor). He has founded his own political party, which is trying to become a part of the opposition alliance against the president’s PDS.

Parties group themselves along the lines of government and opposition, but rivalries and friction within both camps remain strong. The formerly governing PS split into rivaling factions (“tendencies”) at the end of the 1990s. When Ousman Tanor Dieng was appointed leader of the PS, discontent party rivals formed their own parties. This was the case for the Alliance of Forces of Progress (AFP) under Moustapha Niasse, and it was also the case with the first defector, Djibo Kâ, who founded the Union for Democratic Renewal (URD). Under the government of Macky Sall, President Wade has managed to take the URD on board and thereby divide the opposition forces. At the same time, the political climate in Senegal has soured, and political conflict has become more pronounced since 2007. Political observers in Senegal express concern about a growing tendency to place the president’s son, Karim, in political positions, which is interpreted – and criticized – as being an attempt to prime him for succession. The opposition parties suspect him of having nontransparent business and other corrupt international connections, which began when he was the organizer of the international Islamic Conference in 2008.

Public discontent with the politicking of the political class and disillusiones over the problem-solving capacities of the political system are growing. Over the last few years, Senegal has seen spontaneous riots erupt, and the urban youth is left with few prospects.

## Transformation Status

### I. Democracy

Excessive centralization of power with the president, albeit in a democratic setting, increasingly became a problem with his at times erratic and often contested decisions. The governing party was subject to major rifts in 2007/08, and the atmosphere between the government and opposition has soured substantially. In 2007, the opposition boycotted parliamentary elections and was subsequently politically sidelined. Local elections, which were scheduled for May 2008, were postponed until March 2009. Key political events in Senegal were driven by an increasing power struggle over who would succeed President Wade, who cannot run for another term of office in 2012. The president will have served two terms already. Furthermore, he would be nearly 86-years-old, which raises concern over his health. He appears to be fostering the political career of his son, Karim, over other potential successors within his own party.

#### 1 | Stateness

The monopoly on the use of force is somewhat limited in Senegal. Political and military contestation of state unity has occurred in the southern Senegalese province of Casamance since 1980. Although the peace agreement of 2004 has had some positive effects and kept the region relatively peaceful, violence continues, and the region finds itself in a very neglected and bad state of governmental, public and economic infrastructure. Moreover, some former rebels still engage in banditry in some areas.

Recent social protests are unorganized and do not pose a challenge to the state's monopoly on the use of force as such. At the seat of the Mouride Muslim brotherhood, Touba, state control has been traditionally limited. Since the city has its own militias to secure its public peace, it enjoys an (informal) status comparable to that of Vatican City.

Monopoly on the use of force

The state of Senegal has a relatively long tradition of state structures modeled on European experience dating back into the mid-19th century. Pride is taken from its status as the former seat of government of French West Africa and in the long political linkages of the “four communes” (i.e., Dakar, Rufisque, St. Louis and Gorée) to the French state. These entities were considered integral parts of France, and its citizens were eligible, under certain conditions, to be elected to the French National Assembly. This long tradition was limited in scope. The region of Casamance, in particular, was integrated relatively late (1920) into French colonial rule. However, President Senghor, who was the father of the country’s independence, successfully laid the foundation for a Senegalese identity covering most of the former colonial territory. Senghor was a member of both a religious and ethnic minority (a Catholic Serer), which reduced the fears of smaller groups that they would be dominated by the largest group made up of the predominantly Muslim Wolof, who account for approximately 40% of the Senegalese population. Interethnic tensions are not completely absent, particularly when it comes to the ethnic groups in Casamance, but these tensions are unrelated to the question of who qualifies as a Senegalese citizen.

State identity

Senghor, a Catholic in a predominantly Muslim country, successfully limited the role of religious faith in politics. He managed to build on religious brotherhoods when reaching out to rural Senegal while, at the same time, guaranteeing the predominance of state politics over religious groups. Despite the constitutional separation of church and state, these brotherhoods exert some political influence that, to some extent, limits the legal provisions that prescribe the “laïcité,” the secular character of the state. Clerics (whether Muslim or Catholic) are accorded high moral authority in everyday life, and moral convictions are closely related to religious faith and traditions. The current president belongs to the Mouride Muslim brotherhood, but he claims that he is a strong defender of laicism.

No interference of religious dogmas

State administration is present throughout most parts of the country, even if less so in the areas far from the capital. The functioning of the administration is at times deficient due to a lack of adequate (human) resources, centralization and increasingly poor infrastructure. As a result, social services are limited, and their provision cannot be guaranteed throughout the territory and to all parts of the population. Educational and health-care services heavily suffer from neglect and a lack of financial means and good administration. The proliferation of regional authorities under President Wade has not improved the delivery of services to the population in these regions. The lack of accountability when it comes to officeholders can also create problems, and corruption appears to be widespread in the civil service. Since the legal system does not operate properly, poor Senegalese often revert to traditional forms of settling civilian disputes.

Basic administration

## 2 | Political Participation

Since 2000, elections in Senegal have been considered largely free and fair. There have been fierce and frequent political battles over the composition and mandate of the electoral commission. In 2000, the country witnessed its first change in government through voting when Abdoulaye Wade was elected president. The constitution was subsequently amended and approved in a (free and fair) referendum. However, the strong role of the president was not reduced. In 2007, the opposition boycotted parliamentary elections after Wade's re-election, which weakened the legitimacy of parliament.

Free and fair elections

Elections are insufficiently transparent due to organizational chaos, which threatens to undermine the legitimacy of voting. When he was trying to join the opposition alliance against President Wade in 2009, Macky Sall, the former prime minister and head of Wade's electoral campaign, publicly admitted that there had been electoral fraud in Senegal. However, he said that it had happened during preparations for the electoral register rather than on the day of the election itself. Electoral districts are usually reshaped some months before elections. As Sall explained, a few weeks before local election days, all heads of the judicial institutions (i.e., judges) received personal gifts from the President's Office (e.g., pieces of land on which to build a house right in the center of the capital city). This was apparently done in order to make sure that there would not be problems in the courts if opposition parties accused the government of tampering with the electoral register. The local elections scheduled for 2008 were unilaterally postponed by the government until March 2009, allegedly in order to further reduce the voice of the opposition.

The political system focuses much power on with the president. There are no strong veto powers; the army, for instance, is apolitical. Until recently, military personnel, who are under civilian command, were excluded from voting as well participating in political manifestations. This is partly ensured by engaging the military in peacekeeping missions throughout Africa. Religious groups are listened to when it comes to matters of public morale, but they do not usually determine political outcomes. Although they had a stronger political role in the 1980s, the Muslim brotherhoods currently (mostly) refrain from commenting on politics (with the notable exception of the "holy city" of Touba, where the Mouride Khalif dominates local politics). Officeholders are strongly subordinate to the president. However, the president's dominant role creates inherent limitations. Issues beyond the focus of the president cannot be expected to be carried out in due time and according to the appropriate process. Administrative capacities are limited when it comes to implementing legal rules.

Effective power to govern

Senegalese civil society covers a wide range of interests and groups. Political parties can form freely; their formation is often a result of personal strife and changes in alliances within existing parties. The plethora of civil society groups is often linked to funding opportunities provided by political alliances, migrant networks or – last but not least – donor funds. Senegalese NGOs, including human rights networks, are among the most vocal and active in West Africa. For the most part, they can assemble freely, with the notable recent exception of HIV/AIDS support groups active in the gay community. In January 2009, a number of persons belonging to such groups were condemned to long prison sentences.

Association /  
assembly rights

Freedom of expression is generally guaranteed and respected. The press and radio stations are numerous and pluralistic. At times, strict media laws might lead media sources to take extra caution when covering issues involving the highest officeholders. Although this might foster self-censorship to some degree, there are no systematic limitations on reporting, and the media is outspoken and can be critical when it comes to unveiling political scandals and providing a platform for opposition activities.

Freedom of  
expression

As the situation within the country since 2007 has weakened the President's perspectives on future election results and his hopes to find a way for his son, Karim, to succeed him as president in 2012, journalists and editors are increasingly exposed to police harassment and judicial prosecutions. In the Freedom House's Global Press Freedom Index, Senegal ranks 49th out of 195 positions and is considered "partly free."

### 3 | Rule of Law

The balance of power has further tipped in favor of the executive, that is, the president. The president's palace in Dakar has been transformed in order to become a parallel structure of ministerial decision-making under the entire control of the president. Moreover, the legislative was weakened by the opposition's boycotting of the 2007 elections. In response, opposition parties have created the "assises nationales," the national consultations, as a platform for the national debate that is not taking place within parliament. Since these national consultations are outside the state's institutions, they have been ignored by the government most of the time.

Separation of  
powers

Thus, although checks and balances are constitutionally provided for, they do not function properly in practice.



The judiciary is built on a French model. Although its professional reputation is relatively high, its functions in the Senegalese state are limited. It is not regarded as functioning independently, particularly in cases of investigations close to the political system or large economic interests. Corruption is regarded as a prevalent problem in the judiciary. Complicated, long and expensive procedures often lead the courts to defer decisions to traditional means of conflict resolution, particularly – but not exclusively – in more remote rural areas.

Independent  
judiciary

Corrupt officeholders at the lower levels of administration rarely attract public attention, and petty corruption is a fact of daily life. Legal charges are often filed against political rivals. The president fiercely opposes the legal steps against former Prime Minister Mame Madior Boye related to her oversight responsibilities in the case of the 2002 sinking of the ferry “Joola.” However, former “crown princes” who have fallen into disgrace, such as Idrissa Seck or Macky Sall, have faced public prosecution after having been removed from office, which has led the public to strongly suspect that political motives are in play. In contrast, there has been no response to calls to audit the very costly conference linked to vast infrastructural and construction activities in Dakar that was overseen by the president’s son.

Prosecution of  
office abuse

Civil rights are generally respected in Senegal. The violation of rights is legally subject to criminal punishment, including for practices such as female circumcision. However, reported abuses by state agents are frequently not followed up on and remain unpunished, as was the case in past (and still current) human rights violations in the conflict-ridden region of Casamance. Particularly and increasingly limited in their civil rights are homosexuals. For example, in February 2008, arrests and punishments related to media reports about a “gay marriage” hit the headlines and led to much concern in the gay community. The harsh prison sentences handed down in January 2009 against gay and HIV/AIDS activists resulted in international concern.

Civil rights

#### 4 | Stability of Democratic Institutions

Although democratic institutions exist in Senegal, their performance is hindered by a number of factors. Since the opposition’s boycott of the 2007 parliamentary elections, the parliament has no longer been the key forum for political contest. Likewise, the political culture is highly charged. Beyond party-political tactical moves, the government unfortunately does not reach out to opposition groups. By maintaining a strictly legal position, it further sidelines the opposition that has put itself in the legal off. Furthermore, fiscal mismanagement limits the government’s effectiveness when it comes to planning and implementing activities. After an audit in 2008, donors harshly criticized the government for extra-procedural spending and threatened to withdraw their support.

Performance of  
democratic  
institutions

Although democratic institutions are generally respected by all relevant actors, the opposition's decision to boycott the 2007 parliamentary elections and the growing authoritarian tendencies of the president may signal a decrease in this respect. There is, however, no substantial exercise of political power beyond elected leaders. Religious leaders generally respect the predominance of state institutions and the democratic process, as does the military and civic associations.

Commitment to democratic institutions

## 5 | Political and Social Integration

The party system in Senegal is characterized by high fragmentation and high volatility at the fringes. Programmatic disputes are not the focus of interest, nor are there profound programmatic differences. Personal disputes in parties often lead parties to splinter. Splits from the ruling PS party, for example, were to a certain degree responsible for the political changes in Senegal in the 1990s. The governing PDS, however, is not immune to these tendencies either. Parties are often not rooted in social movements. Since affiliations are created by personal networks, personal conflict easily leads to the creation of new political groupings.

Party system

The network of interest groups is relatively thin and concentrated in urban areas (which hold about half of the population). Rural representation is difficult to achieve. International pressure groups tend to be able to mobilize a higher degree of leverage on the decision maker. The role of a mediator between particular and public interest is not achieved, and operating as a linkage between state and society is difficult to achieve in a highly personalized setting like the one in Senegal. The associational life, however, is quite rich by the standards of sub-Saharan Africa.

Interest groups

Recent survey data on the consent to democratic norms is not available. However, according to a 2006 Afrobarometer survey, 75% of all respondents prefer democracy to any other kind of government and strongly reject authoritarian alternatives, such as military rule and a one-party state. Political legitimacy derives from elections, and civic rights are highly valued, most notably the freedom of expression. However, satisfaction with democracy is below the average for sub-Saharan Africa and has decreased, although this does not imply that support for other forms of government has increased. In 2007 and 2008, spontaneous riots broke out at the fringes of football matches or were triggered by power cuts in some quarters and, recently, by the extremely high costs of electricity bills. This development signifies a change in the quality of social conflict and a disillusion on the part of larger parts of the population, not least of which the unemployed urban youth.

Consent to democratic norms

Self-organizations, such as savings groups (tontines), hometown associations or religious groups centered on a religious leader (marabout), are relatively frequent. Although the level of trust beyond the political system is comparatively high within society, the younger generation often appears to prefer a withdrawal from rather than actively participating in politics.

Associational  
activities

## II. Market Economy

In principle, Senegal has been a market economy since it achieved independence in 1960. State interventions and property assets have followed various models, for example, via marketing boards for peanuts, one of Senegal's main products. Reliable and recent statistical data on the Senegalese economy are scarce. The level of state intervention and regulation is of limited meaning in a largely informal economy with little implementation capacity of state laws. Privatization and the openness of the economy to investment were already increased in the 1990s under the rule of the (nominally) Socialist Party. Attracting investments, however, has been less successful, despite some positive tendencies in some sectors, such as telecommunications, construction and the service sector (e.g., call centers). Recently, Indian companies have been more active in Senegal in both commodities (e.g., phosphate) and manufacturing (e.g., busses). In 2008, the country signed a free-trade agreement with China in the hopes of securing investments. Nevertheless, development assistance (which is around 9% of GNI) and the financial transfers of Senegalese expatriates are much more relevant to aid-dependent Senegal than foreign investment is.

### 6 | Level of Socioeconomic Development

Senegal has been classified as a least developed country since 2001. Its HDI was at 0.499 in 2007/8, which resulted in a ranking of 156th out of 177 and signifies for the most part a stagnation in human development despite moderate economic growth. Growth rates over the last decade have hovered at around 5%, which was largely consumed by high population growth and has led to few effects in poverty reduction. Urban areas remain attractive to large parts of the population from poor rural communities. Migration from rural areas toward the capital city of Dakar and to foreign countries has been drastically aggravated by the abandonment of the peanut farming and the general neglect of state infrastructure (e.g., educational and health-care facilities) in the countryside. The mostly arid Sahelian Senegal is among the most urbanized countries in sub-Saharan Africa. Population centers are almost all located in the densely populated coastal areas, particularly so in the urban conglomeration of Dakar. Social exclusion and marginalization based on poverty

Socioeconomic  
barriers

are strikingly visible in urban areas, although they are much more widespread in rural communities. Despite some limited success stories in the service and telecommunications industries, the formal economy is far from providing the population with sufficient employment. The educational system still is largely insufficient and has long been neglected. Gender is a critical factor when it comes to determining life prospects.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	8030	8687.6	9366.6	<b>11299.1</b>
Growth of GDP	%	5.9	5.6	2.4	<b>4.7</b>
Inflation (CPI)	%	0.5	1.7	2.1	<b>5.9</b>
Unemployment	%	-	-	11.1	-
Foreign direct investment	% of GDP	1.0	0.5	2.4	<b>0.7</b>
Export growth	%	6.8	2.4	4.1	<b>8.1</b>
Import growth	%	0.5	9.7	9.6	<b>20.4</b>
Current account balance	\$ mn.	-510.4	-675.9	-861.2	<b>-1310.8</b>
Public debt	\$ mn.	3557.4	3539.8	1658.3	<b>2029.0</b>
External debt	\$ mn.	3942.1	3865.3	1930.3	<b>2588.3</b>
Total debt service	% of GNI	-	-	2.1	<b>1.6</b>
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	13.7	9.6	9.7	<b>10.0</b>
Public expnd. on edu.	% of GDP	3.9	5.1	4.8	-
Public expnd. on health	% of GDP	2.0	3.0	3.3	-
R&D expenditure	% of GDP	-	0.1	-	-
Military expenditure	% of GDP	1.3	1.4	1.6	<b>1.7</b>

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

## 7 | Organization of the Market and Competition

The institutional setting for a market economy is basic. Economic freedom is largely guaranteed, and the state has increasingly withdrawn from economic activities in the last decade. However, the informal sector creates more jobs than the formal economy and is key to the survival of most Senegalese. The freedom to set up a business is legally provided for but hampered by poorly functioning public institutions. Implementation deficits mean that rules are not uniformly applied for market participants. In the Heritage Foundation's Index of Economic Freedom 2009, Senegal ranked 110th out of 179 countries.

Market-based competition

Monopolies persist in some crucial sectors. Given the small starting position of the formal economy, monopolies are easily established, even if they are not actively fostered by the state. A large number of state monopolies (e.g., in the marketing of peanuts) have been broken up over the last decade. This has not necessarily resulted in improvements for producers or consumers, though, as market regulation and oversight requires basic state functions. These reforms are far from being fully implemented due to management mistakes and difficulties in finding investors in some sectors (e.g., in the case of the electricity company Sénélec).

Anti-monopoly policy

The opening of external trade is relatively advanced. Discussions about economic partnership agreements, (e.g., free-trade and development agreements with the European Union) are difficult. The opening of the market will result in a (comparatively moderate) loss of state revenue; but in a situation of already very tight budgets, these losses are particularly feared. A number of decisions (e.g., those regarding tariff reductions) are made in the West African Economic and Monetary Union (WAEMU) and increasingly discussed within the larger ECOWAS. However, corruption and a lack of administrative abilities remain practical obstacles, particularly for small traders.

Liberalization of foreign trade

The banking sector is diversified and under the auspices of a strong supranational regional bank (i.e., the BCEAO). The sector was restructured in the mid-1980s and is stable. Foreign banks dominate the banking system. As the sector is largely detached from global financial flows, the international financial crisis has yet to have any direct effect on the Senegalese market. Access to small credits remains a problem, particularly for small entrepreneurs.

Banking system

## 8 | Currency and Price Stability

Currency policy is determined by the supranational West African Central Bank and characterized by prudent policies. The West African CFA franc is guaranteed by the French treasury and thus pegged to the euro. Inflation rates have traditionally been very moderate, and they have usually met Euro-Stability Pact criteria. Nevertheless, inflation surged in 2007 and 2008 due to steep increases in energy and food costs (by 5% to 6%, on average), as Senegal is an oil importing country.

Anti-inflation /  
forex policy

The government is running a long-term budget deficit (which was at around 11.7% of the GDP in 2008, according to estimates by the Economist Intelligence Unit). Although the country is generally committed to stability by WAEMU rules, there are few institutional safeguards. The WAEMU has an equivalent to the stability pact of the euro zone. Donors strongly criticized the country's extra-budgetary spending in 2008 and, more broadly, its public financial management. This casts a very critical light on compliance with rules.

Macrostability

## 9 | Private Property

Property rights are guaranteed and usually respected. Legal defense of property rights is unsatisfactory due to shortcomings in the judiciary. According to the Heritage Foundation, the administration of property-title and land-registration procedures is uneven outside of urban areas. Since Senegal lacks commercial courts staffed by trained judges, decisions can be arbitrary and inconsistent. Despite an adequate legal and regulatory framework, enforcement of intellectual property rights is weak to nonexistent.

Property rights

Private (and mostly small) enterprises in the informal subsistence economy and peanut farming are the backbone of the economy. Agricultural property in the rural areas is still dominated by the inherited traditional and colonial system. Individual landownership in rural areas has remained one of the major economic problems in rural areas and has hindered the modernization of agriculture. Under these conditions, the dissolution and neglect of the state's peanut-marketing mechanisms have heavily contributed to the impoverishment of Senegal's key agricultural areas. Having been mostly privatized in the last decade, larger companies are now open to foreign investment. The scarcity of capital in Senegal leads to high dependency on (very limited) foreign direct investment (FDI). As a result, there are persistent problems with privatization in some sectors, some of which have negative repercussions on other sectors of the economy (most notably, electricity).

Private enterprise

## 10 | Welfare Regime

Since the welfare regime is basic and covers only employees in the formal sector, the vast majority of Senegalese are not covered by welfare schemes. As a result, many people have no health-care coverage. Extended family networks substitute for lacking social welfare nets for most Senegalese. In this context, international migration is providing major sources of income and can be seen as a livelihood strategy for families.

Social safety nets

Women are de jure equal to men, and a provision on gender equality was introduced into the constitution in December 2007. The low rate of women in parliaments and assemblies has triggered a quota system for elections that remains to be tested. Traditional and cultural restraints on women in their choices persist. Religious or ethnic groups are not systematically treated differently.

Equal opportunity

## 11 | Economic Performance

Annual economic growth stood at 4% to 5% during the period under investigation. This is largely consumed by population growth and lagging behind the averages for other regions of the world. Prices are relatively stable, with the exception of those in times of high energy costs. No data are available on employment, but estimates assume very high levels of un- and underemployment. As already noted under “macrostability,” the Senegalese budget runs persistent deficits, and the trade balance is volatile due to fluctuations in energy prices (imports) and in harvests (exports).

Output strength

## 12 | Sustainability

Environmental concerns are taken into consideration to some extent. The minister for the environment has cabinet rank, and environmental regulations are better than those in neighboring countries. International agreements are taken into the national legal framework, and the frail environmental balance in Sahelian Senegal ensures comparatively high level of public awareness for environmental concerns. Yet, under the situation of economic stress in which Senegal finds itself most of the time, environmental concerns are often secondary to growth.

Environmental policy

The education sector, which is based on the French system, has grossly inadequate resources and is below the average for sub-Saharan countries. Investment in the education sector has increased and is around 5% of GNI. R&D, however, is largely under-funded (0.6% GNI), despite a handful of centers of excellence in research, mostly in Dakar. The public school system suffers from neglect. Teachers’ salaries are low, and payment of salaries in rural areas very often comes late, as it may happen in other poor countries of this region.

Education policy / R&D

The registration of 5,000 new university students for the 2008/2009 school year had not yet ended by January 2009, which is a somber indicator of the weakness of public administration. The country has not had a similar situation since it gained independence.



## Transformation Management

### I. Level of Difficulty

Senegal faces a high level of structural challenges. Despite its being a coastal country, it is situated in the Sahel, and its territory thus comprises largely arid or semi-arid areas. Senegal faces a starting point of very high levels of poverty with high population growth rates, which means that economic growth rates need to be very high over a sustained period of time. The country has few natural resources other than phosphate and fishing grounds. No substantial energy resources are found, and exploiting the sustainable energy resources (e.g., wind and solar energy) requires investments and relatively high levels of formal training in the workforce. Infrastructure remains largely insufficient, not only in the area of energy supply. Some efforts have been made to improve the transportation infrastructure, but capital-intensive activities face strong constraints. HIV/AIDS has made few inroads into the Senegalese population due to early educational policies.

Structural  
constraints

Traditions of civil society are relatively long and strong – but limited to the experiences in few areas in Senegal. Social engagement in the community has been valued since colonial times (in the “*quatres communes*”). Likewise, community activities have traditionally been highly valued in the Muslim brotherhood system in rural areas. Civil society, however, remains highly focused on urban areas and is weakened there by a lack of resources. The considerable NGO scene in urban areas often relies substantially on donor funding, which undermines their credibility in the eyes of the population.

Civil society  
traditions

In general, there are no pronounced ethnic or religious conflict lines. Concerns over a predominance of the Wolof have simmered in southern Casamance and will have been one of the factors that have led to past conflicts. The Casamance peace agreement has failed to completely settle the political conflict despite a peace accord in 2004. While fighting each other in 2007 and 2008, rebels from the Movement of Democratic Forces of Casamance (MFDC) and a splinter group, the Movement for the Liberation of the People of the Casamance, continued to kill civilians, commit robberies and harass local populations.

Conflict intensity

The Casamance problem is difficult to resolve because it is directly linked to the difficult situations in neighboring countries, including Guinea, Guinea-Bissau and Gambia (e.g., drugs, arms and failed or failing states).

In the urban areas, the potential for conflict is rising due to youth unemployment and a sense of marginalization among some groups. Social conflicts erupted spontaneously in 2008, leading to riots and fights with police forces in Dakar. Their spontaneous character means that their complaints are much harder to settle than previous social conflicts that were channeled by interest groups (e.g., Muslim networks in the rural areas and trade unions in urban centers). The government lacks the ability to settle the conflicts, which it has partly even fanned with its hard-line position toward the non-parliamentary opposition, for example, and due to widespread corruption and bad governance in general.

## II. Management Performance

### 14 | Steering Capability

The leadership is generally committed to the constitutional order of Senegal and its democratic system. Honest attempts are made to reduce poverty levels over the long term. Heavy-handedness in politics and constitutional affairs, however, contributes to a marginalization of the opposition. The emphasis on capital-intensive investments in economic policy is largely criticized by donors and donor agencies as being unsuitable for a least developed country. The lack of international enthusiasm and delays in internal reforms lead to bottlenecks in financing that, together with management mistakes, lead to long delays in projects. Mounting dissatisfaction among marginalized groups of the population increases pressure on the government. The persistent pursuit of policies has become increasingly difficult with President Wade's often outspoken and at times erratic public statements. One case in point is his strong criticism of NEPAD, to which he had linked most of his infrastructure projects. Political projects, however, such as Senegal's participation in the African Peer Review Mechanism, are hardly moving forward. Wade appears to have grown increasingly bold in defying public opinion, as witnessed for example in his attempts to prepare the way for his son to succeed him.

Prioritization

As elsewhere in Africa, implementation deficits are obvious in Senegal. Plans are announced, but schedules are hardly ever kept. Structural changes need determination in order to be pursued over the long term. In a fragmented political landscape like Senegal's, coalition-building skills are needed in order to garner national support for reforms with long-term effects. Additionally, they need external support, which often involves funding. In a highly aid-dependent country like Senegal, the government must shoulder the additional burden of managing expectations and sustaining support from external donors. The Senegalese government has not always been successful at maintaining confidence in its managerial skills or in its willingness to cooperate with or to proactively coordinate donors.

Implementation

The institutional focus on the presidency reduces the institutional settings (and incentives) for consensus-creation and puts the burden of policy learning almost exclusively on one person. Institutional reforms have not been carried out when the opportunity presented itself in the past. The president has a reputation for being impulsive and for using his political powers to the limit. His socialization within the political system has been strong as he has been in Senegalese politics since 1978 when he was a key opponent to the then-governing PS. On the one hand, the president is persistent in his policy approach as can be seen, for example, with his grand infrastructure projects. On the other hand, the balance between perseverance in policies and stubbornness is a delicate one. His strong personal involvement in administrative matters may become a liability for the country. The terms of office for political heavy-weights, particularly prime ministers, are relatively short. As they do not even last a full legislative term, they probably hinder political learning in office. Although President Wade is 83-years-old and urgently needs to establish a successor, he has pushed away a number of able politicians in order to promote the political career of his son.

Policy learning

## 15 | Resource Efficiency

Governments in Senegal have changed very frequently despite the ruling coalition's clear majority in the National Assembly. Personal rivalries between a strongly interfering president and prime ministers have led to many dismissals. The government in Senegal is a large body that has numerous politicians who need to be co-opted into its ranks. A decentralization policy appears to have been an additional instrument for creating political positions rather than for fostering the efficient use of (scarce) resources. Newly created regions lack financial resources and cannot provide sufficiently attractive positions to attract the necessary human resources into their ranks. Since budget resources are insufficiently tracked, they cannot be effectively and efficiently managed to the necessary degree.

Efficient use of assets

Since portfolios are often overlapping, turf wars arise. The creation of a parallel ministerial structure within the President's Office has debilitated the power and effectiveness of the regular portfolio ministries. The final say in key political questions remains with the president. Nevertheless, the political centralization in the person of the president does not resolve basic problems. Frictions between parallel structures combined with the president's at times erratic decisions lead to an inefficient use of resources.

Policy coordination

Anti-corruption measures have gained broad public awareness as they have targeted former and current government officials from the highest ranks. When politicians who have been pushed out of office are targeted, however, the public largely regards it as being a case of political punishment rather than law enforcement. Despite public procurement procedures (e.g., those related to the "grand travaux,"

Anti-corruption policy

or infrastructure projects), results on accountability and audit mechanisms have raised some concerns. Audits in 2008 questioned the government's ability to track funds within the system and have caused public expressions of concern among Senegal's donors, who have gone so far as to threaten to withhold funds. Thus, anti-corruption policies must be viewed as largely insufficient.

## 16 | Consensus-Building

The democratic credibility of the government has become more questionable in recent years. However, all relevant actors in Senegal agree on the goal of building a successful market-based economy. Political dispute does not center on the overall goal but, rather, on the path that should be taken toward achieving this goal or – more commonly and on a much more parochial level – on whom to join forces with while working toward this goal. When it was still in power, even the nominally socialist former governing party carried out privatizations and liberalizations. Likewise, President Wade's nominally liberal party does not shy away from state intervention when it is deemed to be politically advantageous or necessary (as in the case of the failed privatization of Sénélec).

Consensus on goals

It is difficult to spot reformers in Senegal's political system. President Wade was at the forefront of reform promises and has pushed for a number of reforms, as had his predecessor, President Diouf. Potentially anti-democratic actors, such as the military, continue to be firmly under the control of the civilian president. The Muslim brotherhoods and other religious forces are not necessarily forces for democracy, but the political system has successfully warded off radical religious groups in the past. The president managed to stifle anti-democratic actors, partly by co-opting them into his policies (e.g., by publicly visiting the Mouride Khalif in Touba as a "humble disciple") and partly by marginalizing them with a firm reference to constitutional settings.

Anti-democratic  
veto actors

If the civilian government should fail to provide a credible solution to the country's major socioeconomic problems and to instill hope, the military and the Muslim brotherhoods may present themselves as the last remaining forces of public order able to prevent chaos, disorder and the breakdown of the state.

For the most part, Senegal's political leadership prevents cleavages from widening. It has successfully limited the intensity of the conflict in the Casamance region, and the situation remains largely under control. However, the government has done little to bring a final resolution to the Casamance problem. Apparently, the government sees the Casamance conflict as only a national problem, although many domestic and international observers and experts agree that it is directly linked to the difficult situation in neighboring countries, such as Guinea, Guinea-Bissau and Gambia (e.g., drugs, arms and failed or failing states).

Cleavage /  
conflict  
management

Moreover, political divisions are exploited as much as possible. Political actors have been mastering a policy of divide-and-rule. Likewise, Senegal has a long tradition of co-opting opposition forces, which has prevented the persistent alienation of groups of politicians. It is, however, also a tool to keep opponents small and out of political power. This is done within the legal limits of an electoral democracy. However, it does not include extending a hand to opposition parties after they have boycotted national elections. Their self-marginalization has been overcome, and the government does not appear eager to help them come back into the political system. Postponing local elections has fanned political suspicions rather than dissipating them.

Civil society inclusion is rendered more difficult by the personal style of President Wade. While taking criticism into consideration once it appears to have won a large degree of electoral support and might represent public concerns, the president also puts pressure on critics and opponents in civil society to the extent that his position permits. The president's relationship to the media is particularly difficult. The approach, however, is not one of systematic participation of civil society. The opposition's attempts to come back onto the political stage with "assises nationales" (national consultations) could also have been managed by the government as a public outreach, but no attempts in this direction have been made.

Civil society participation

Several serious human rights abuses have been reported during intense periods of the conflict in Casamance. The conflict was put under temporary control, although the peace agreement in 2004 has failed to bring a final resolution to the conflict. Since the peace process stalled in 2007, attempts to initiate a process of reconciliation have slowed down. A special adviser to the president for the peace process was shot in December 2007. During the period under review, the government did not take any action to resolve older cases of disappearances in the Casamance region, which were linked to governmental security forces.

Reconciliation

## 17 | International Cooperation

Senegal has been a reliable partner within the international community. The government has set up a long-term strategy, not least so with its active involvement in the creation of NEPAD. President Wade was one of the initiators of the NEPAD initiative, together with his counterparts in South Africa, Algeria and Nigeria. However, since 2008 and early 2009, it has become evident that NEPAD has lost its dynamism. Even Wade seems to have abandoned his original enthusiasm, although he continues to be an ardent advocate for the partnership in relations with the G-8 and across the African continent. Relationships with the IMF have at times been strained owing to differences in political priorities, particularly when it comes to modalities and timetables for privatization efforts. How much new funding can be mobilized from nontraditional donors remains an open question. Initial reactions by

Effective use of support

the Chinese government were reportedly hesitant owing to Senegal's suboptimal investment climate. At the same time, Senegal continues to be regarded as a regional actor that is politically important to Chinese interests in the region of West Africa.

Although Senegal is generally considered a reliable partner in international politics, questions have emerged about the reliability and credibility of its economic strategy. The international trust in Senegal's public finances has been strained by audit reports in 2008. Results of NEPAD remain to be seen, and it can also be argued that donor support for the initiative has not been living up to its promises. Thus far, the big projects of Wade's government have not gotten past the planning phase, with the exception of a minor primary construction phase of a toll-funded motorway from central Dakar to Diamniadio (on the way to Thiès) and the first phase of the construction of the new international airport on the outskirts of Dakar. There has been talk of other large building projects, such as a new harbor, a new railway and even a new capital beyond the Cap Verde Peninsula. The impact of these plans on economic development is debated, their financial feasibility doubted, and their potential impact contested. Thus, the government provides leadership but fails to take international partners with it.

Credibility

International links are traditionally also particularly strong with France and the European Union despite the occasional harsh political rhetoric from Dakar (e.g., against the European Union's insistence on creating regional economic partnerships). France maintains a military base in Senegal with about 600 troops.

Senegal is generally regarded as a driver of change on the African continent, pushing for policy goals for regional integration. As mentioned above (see "prioritization"), Senegal has signed up for the African Peer Review Mechanism within NEPAD, but the country has failed to advance its own national review. In the past, Senegal has interfered diplomatically in crises in neighboring Guinea-Bissau and militarily in Guinea. Since the coup in Guinea and the death of President Conaré, Senegal has made diplomatic efforts to build bridges for the regime to come back into the regional community (although, at the same time, to a certain extent, it also gave legitimacy to the putschists). Senegalese troops have regularly participated in U.N. peacekeeping missions throughout Africa and beyond.

Regional  
cooperation

## Strategic Outlook

Senegal is facing mounting economic challenges as its level of difficulty for economic development is likely to increase. This increasing difficulty stems from mounting challenges that do not augur well for the national economy and society.

Climate change will make a combination of drought and torrential rainfall more likely in Senegal and increase the frequency of floods like the ones experienced in 2007/2008. The current global economic crisis might be overcome in a relatively short time, but it might have a negative impact on external funding for Senegal from developed countries that comes in the form of both development aid and FDI. In the long run, additional funding from so-called emerging donors will also depend on considerations of economic sustainability and business gains. Consequently, there is little alternative but to pursue ongoing reforms in Senegal.

The political system currently is more of a liability to the economic development of the country. The question of succession to President Wade will need to be settled soon in order to avoid a standstill should he suddenly leave office before the end of his mandate. This is not an unlikely scenario, as he is already 83-years-old. Dynastic succession to the president in the person of his son, Karim, is likely to result in additional burdens on the political system and could trigger further political rifts that would negatively impact the management of economic challenges to the country. Healing the pronounced conflict between the bigger opposition party and the government should be one of the latter's political priorities. This does not have to result in harmonious politics, nor must it mean the end of political competition. It should, however, aspire to foster a more constructive and results-oriented political culture in Senegal.

The level of discontent and disillusion with the state's ability to solve problems is a third challenge to the elite of Senegal. Violent conflict (in addition to that already in the Casamance region) is a real risk. Urban youth are less patient and demand beneficial changes in the foreseeable future. Unorganized protests are much more dangerous to governments than political struggles with interest groups. Social unrest or riots will not only poison the political culture; they will also negatively impact Senegal's attractiveness as a travel destination (an important source of revenue for the country) that builds on its advantages of being geographically close to Europe and, more importantly, its reputation of peace and stability. These features are also among the key issue for long-term investors.

Against a background of a political situation and stateness that has been worsening for years, there is an important risk that Senegal will enter a period of political crisis and instability in the coming years. Civilian rule has to prove its ability to face the increasingly difficult socioeconomic situation of the urban majority and to instill hope in the population. After many years of politicking and neglect, the Senegalese elite must deal with political challenges that are very serious and widespread. As Senegal has continued to play the role of at least one of the regional state models in French-speaking Africa, future instabilities in the country will have regional implications.