SENEGAL

Sustained growth and persistent poverty

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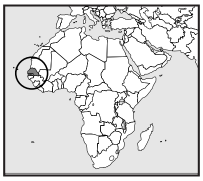

In spite of macroeconomic achievements, there were no significant improvements in the standard of living for the majority of the population, who remain largely excluded from the benefits of economic growth. The proportion of poor households in Senegal is not only greater than in the average African country (44%), but it is also increasing: from 33% in 1992 to 58% in 1995. Recent provisional data show that it has not decreased since that date.

In June 1998, Senegal[1] benefited from the terms of the Naples agreement and received a large reduction in its foreign debt, owed to the Paris Club. At the end of 1998, this debt amounted to 51.6% of the GDP, 162.5% of the income from exports of goods and services, and 305.3% of the budgetary income.

Senegal did not benefit from the first HIPC initiative, but on 21 June 2000, was declared eligible by the World Bank and the IMF for the enhanced HIPC initiative. Under this initiative, the country should benefit from a reduction of its debt by some USD 452 million in net worth, approximately CFA 307,000 million at the June 2000 exchange rate. This substantial debt reduction carries with it the condition that Senegal implement a Poverty Reduction Strategy.

Contrasting macroeconomic results

The Senegalese economy underwent structural adjustment from the mid-1980s until just before the presidential elections in February 2000. After long years of adjustment, the country regained a positive real growth, with population growth at 2.7% and average GDP growth from 1994 to 1999 at 4.6%, up from 1.9% in 1990 to 1993. But these gains in no way compensate for people's sacrifices.

Public finances visibly improved, thanks mainly to better mobilisation of funds. The public deficit went from 3.9% of the GDP in 1993 to 1.7% in 1999. It was thought this would lead to better conditions for disadvantaged social sectors and a higher level of public investment. Compared with the period when the CFA Franc was devaluated in 1994, when prices increased by 30%, inflation remained relatively low (around 1% annually). Foreign commerce did not register the same favourable evolution: the balance of trade and current accounts continue to present a structural deficit (6% and 2%, respectively).

The persistence of poverty

These macroeconomic achievements, and especially the real growth *per capita*, did not translate into improvements in the standard of living for the majority of Senegalese people, who remain largely excluded from the benefits of economic growth. The proportion of poor households in Senegal is not only greater than in the average African country (44%), but it is also increasing: from 33% in 1992 to 58% in 1995. Recent provisional data show that it has not decreased since that date. This apparent contradiction between real *per capita* growth and the increase in poverty is explained by inequalities in the distribution of wealth: the richest 20% of the population receives half of the national income, which is 17 times greater than the income received by the poorest 20%.

The improvement in public finances was accompanied by significant downward pressure on total wages and real wages. After a drop of almost 35% between 1988 and 1994, the minimum salary, expressed in real terms, fell another 23.8% from 1994 to 1998. At the same time, prices rose as a result of the liberalised market and suspension of public subsidies. The price increases affected mainly basic necessities and further reduced the buying power of the most vulnerable sectors of society.

There is more poverty in the rural sector, where it is massive because of reduced income generated by rural activities. Although over 70% of the population is rural, this population accounted for only 17.5% of GDP in 1999 (compared with 20% in 1994). Agriculture, the main activity in rural areas, represented no more than 8% of the GDP in 1999 (down from 10% in 1994).

After defining a national strategy for the struggle against poverty with the support of the UNDP and the World Bank, Senegal recently accepted the World Bank's proposal to create a "Strategic framework for the struggle against poverty." Creation of this framework is a condition for debt reduction.

Growth without job creation

Employment is the area that suffered most during the years of structural adjustment. The massive privatisation and re-structuring of industrial enterprises, along with continuous downward pressure on wages, contributed to the deterioration of employment. Similarly, the weakening of rural activity increased unemployment among the economically active population in rural areas, forcing them to search for informal jobs in urban areas.

There are no up-to-date statistics on the evolution of employment in Senegal. Nevertheless, continued growth of the informal sector's share of GDP, and the lack of formal job creation in the economy, indicate that most people (especially young urban people) have been forced to create their own means of survival. What some people call the "popular economy" is now the main entry-point into the workforce for young people. A national fund for youth was created with USD 1.4 million, but this is entirely insufficient to reverse the trend toward massive unemployment affecting the country.

1 *Population*: 9 million in 1999. *Demographic growth rate*: 2,7%. *Human Development Index*: 0,4158 in 1997 – 0,4293 in 1999. *GNP* (in USD): 4,7 billion in 1999. *GNP* (*per capita* in USD): 1997: 540; 1998: 530; 1999: 510. *Exchange rate*: USD 1 = CFA 563 in 31 December 1998, and CFA 758 in 3 November 2000. Source: UNDP, World Bank.

An important social deficit

UNDP reports indicate that public investment in the social sector is still far below what is required:

- Social spending (expressed as a percentage of the GDP) exhibits a negative trend: from 31.7% in 1995 to 27.9% in 1998;
- Public social spending as a part of total public expenditure grew by an average of 1.7% annually from 1995 to 1998. This is below the rate of population growth, which for the same period was around 2.7%.

Senegal is far from reaching its 20/20 objectives, as recommended by the Social Summit of Copenhagen. Public spending on basic social services and public development aid was no greater than 11.2% in 1998, that is, 8.8% less than the 20/20 target.

Although trends in the education, health care, drinking water, sanitation, and nutrition sectors are positive, there are still concerns. Progress is social indicators is below what the people aspire to and what the decision-makers promised. In 1999, the gross schooling rate was still 58.1%, the illiteracy rate was 64%, 67% had access to drinking water, and 56% had access to sanitation services.

These meager results largely explain the fall of the government in March 2000, just after the presidential elections. Social demands were a major theme during the electoral campaign, and the government was not able to convince the population of its good intentions.

Senegal in the era of globalisation

Globalisation is a reality in Senegal, as in all African countries, but it is also the subject of much debate and unrest. The opening of its economy to foreign investment has only aggravated its extreme vulnerability. This is especially true because the country has not managed to escape its specialisation in a limited number of primary products, and because it is competitively weak compared with other African or Asian countries.

To give but one example: the trade deficit has deteriorated significantly in recent years (from 4.3% of GDP in 1997 to 6.1% in 1999), because of the energy bill, but also because of the country's weak competitivity. The devaluation of the currency (CFA franc) by 50% in 1994 aimed to improve competition, but its effects were rapidly exhausted for most of Senegal's export goods.

Encouraged by other countries in the South, in June 2000 Senegal signed the Cotonou Agreement, which regulates cooperation with the European Union (EU). The main objective of the agreement appears to be to organise the transition to integration of the African, Caribbean and Pacific (ACP) countries into the world market. In 2002, these countries and the EU began a process of negotiations to define a trade regime compatible with WTO rules. The Cotonou Agreement adds new elements of uncertainty to Senegal's future, as well as that of Africa and all the ACPs.

Women, children and families: specific political progress

As a consequence of the country's change of direction in 2000, in January 2001 the new government organised a referendum that approved a new constitution. Six of its articles represent significant progress for women, children and the family.

Article 17 is on social equity and equal rights. It reaffirms the role of the family and the rights of different categories of families and family members, especially the most vulnerable ones (rural families, women, children, the disabled and the elderly). Gender issues are specifically recognised and dealt with in Article 17.

Article 12 establishes equal property rights for men and women, the absence of which has been a great obstacle for the promotion of women in the rural sector in the past. Article 19 guarantees a woman's right to own property and to administer her own goods. Article 18 establishes that forced or arranged marriages are a violation of individual freedom. Article 25 prohibits all discrimination between men and women with regard to employment, salary and taxes.

In fact, the new constitution includes many of the demands of feminist associations, and it is now a question of translating these rights into progress in everyday life. For this to happen, important socio-cultural barriers must be overcome. For example, it will be difficult to enforce women's rights to agricultural land because the status of women in this area is determined by tradition and custom and by Islamic inheritance law. ■

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