Senegal Dakar

key figures
- Land area, thousands of km² 197
- Population, thousands (2007) 12 379
- GDP per capita, USD at constant 2000 prices (2007) 497
- Life expectancy (2007) 48.0
- Illiteracy rate (2007) 56.0
Senegal's GDP grew at a rate of 2.1 per cent in 2006 and 2.8 per cent in 2007, well below previous forecasts. This was due to a number of factors. First, the crisis experienced by Industries chimiques du Sénégal (ICS), the country’s largest phosphates producer, was still unresolved. Second, higher levels of prices for oil products have continued or even worsened, affecting state subsidies, price levels and the budget deficit. In addition there was poor rainfall and a weak system for marketing groundnuts. As a result of the combination of these factors, most of the country’s traditional export sectors (fish products, phosphates, groundnuts) experienced stagnation or are in serious economic difficulties, with Senegal losing substantial market share compared with all its competitors.

The main challenges facing the nation in the coming years are thus to revive growth and improve the business climate in spite of deteriorating social stability internally and an unfavourable international situation.

Figure 1 - Real GDP Growth and Per Capita GDP (USD at constant 2000 prices)

Source: Data from the Department of Economic Studies and Forecasts (DPEE); authors’ calculations for the estimates (e) and projections (p).

StatLink: http://dx.doi.org/10.1787/316878132756
Recent economic developments

The growth rate for GDP fell to 2.1 per cent in 2006 and to 2.8 per cent in 2007, as against 5.3 per cent in 2005 and an average of 4.4 per cent over the 1996-2006 period.

The primary sector experienced significant falls in growth, with a rate of -2.9 per cent in 2006 and 0.3 per cent in 2007, compared with 11.1 per cent in 2005. These trends reflect a slowdown in farming and fishing in 2006 and 2007.

Agriculture is dominated by food crops (cereals) and industrial crops (groundnuts and cotton). It was hit hard by the consequences of poor rainfall in 2006, which were aggravated by the difficulties caused by the structural problems facing the sector: a lack of fertile soil, low levels of fertiliser and an inadequate network for marketing the crops, particularly groundnuts. Millet and sorghum remain the chief types of cereal produced (an average of 60 per cent of output in recent years), despite growth in the production and consumption of rice and maize.

Groundnuts have been the main cash crop since independence. They are intended to generate income for the small farmers and foreign exchange for the government. Nevertheless, in spite of all the efforts undertaken to develop this sector, production is still low and has fallen continuously since the 1980s. Production and yields fell dramatically in 2005, but recovered to a certain extent in 2006. Given the expectation of poor harvests and the threat from the black market, the marketing campaign started much earlier in 2007 than in previous years.

The secondary sector saw production increase by 6.3 per cent in 2007, up from a fall of 1.7 per cent in 2006 and a slight rise (0.3 per cent) in 2005. The impact of the energy crisis and the difficulties facing ICS continued to hold back the sector’s performance. The construction industry has been booming, with 10.8 per cent growth in 2005, 15 per cent in 2006 and 10.7 per cent in 2007. Two factors are behind this: a dynamic real-estate sector, which has become a structural feature in Senegal, and the construction of numerous bridges, roads and highways, in particular in Dakar. The edible fats sub-sector of the secondary sector also did well.

The situation of ICS deserves special attention. In 2005, this company accounted for 3 per cent of GDP, 10 per cent of exports and 7 per cent of total bank credits. The company had to cease operations temporarily in 2006, and is currently operating at only a third of its 2005 capacity. There are a variety of reasons for this disappointing performance: higher costs, management problems, disputes with customers, and the rise in the exchange rate in 2004/05. The state, together with its partners, developed a recapitalisation plan, but it has yet to be finalised.

Growth in GDP has been driven by the tertiary sector, which is largely dominated by informal and government activities, with growth of 3.5 per cent and

Figure 2 - GDP by Sector in 2006 (percentage)

Source: Authors’ estimates based on data from the Department of Economic Studies and Forecasts (DPEE).

StatLink &nbsp; &nbsp; http://dx.doi.org/10.1787/318151802415
6.7 per cent respectively in 2006 and 6.5 per cent and 3.1 per cent in 2007. The substantial increase in the number of civil servants, which was the result of a deliberate hiring policy, and the increase in the salaries of state employees are the most likely explanations for the growth in the public administration sector.

Transport, post and telecommunications (about 9.1 per cent of GDP) play a major role in the services sector. This has been helped by the strong growth of the Société nationale des télécommunications (Sonatel), but even more so by the vitality of informal activities, which are predominant in transport, catering and other services.

The chief consequence of the lower growth rate seen in 2006 has been a fall in the domestic savings rate. Consumption progressed at a rate of 1.7 per cent in 2007 and should experience real growth of 4.9 per cent in 2008 and 3.7 per cent in 2009. The growth rate in public consumption was 3.2 per cent in 2007, and it is estimated at 3.5 per cent in both 2008 and 2009. The growth rate for private consumption was 1.4 per cent in 2007, with projections of 5.1 per cent in 2008 and 3.7 per cent in 2009. As for exports, their contribution stabilised at 2 per cent in 2007, which reflected the aforementioned difficulties in the sector.

There are possibilities for an economic recovery in 2008 and 2009, particularly given the construction of the Blaise-Diagne international airport, which should start during 2008. The project costs about $500 million and will be covered by loans taken out by the airport. An airport tax that has already been collected should suffice to pay the debt on the construction work. Another project that should see the light of day in 2008 is the creation of the Dakar special economic zone, which will be developed by an investor from Dubai. These two major investments should significantly increase the country’s production capacity and revive growth.

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<th>Table 1 - Demand Composition</th>
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<tr>
<td>Percentage of GDP (current prices)</td>
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<td>1999</td>
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<td>Gross capital formation</td>
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<td>Imports</td>
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<td>Real GDP growth rate</td>
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Source: Data from the Department of Economic Studies and Forecasts (DPEE), 2008.

**Macroeconomic Policy**

Senegal is a founding member of the West African Economic and Monetary Union (WAEMU), which was created following the devaluation of the CFA franc in 1994. Its monetary policy is thus set at the union level and is one of the fields covered by the transfer of sovereignty, in particular to the Central Bank of the West African States (CBWAS) and the WAEMU Commission.

**Fiscal policy**

The state of public finances poses a paradox: actual budgetary realisations have exceeded projections, which contrasts with an overall deficit that has been growing...
continuously, as a result of extrabudgetary spending that has hit record levels in the last two years. For instance, in 2006 the difference between total primary expenditure and the primary expenditure initially forecast in the budget represented 6 percent of primary expenditure (excluding external financing), compared with only 1.3 percent in 2004. State fiscal policy is also characterised by a multiplicity of agencies, the numbers of which rose from 24 in 2006 to 33 in 2007. The operating and investment credits for these agencies, which are public subsidies from the central state budget, rose from X AF 82.9 billion (CFA francs) in 2006 to X AF 131.9 billion in 2007.

Tax revenue and grants rose by 8.4 per cent in 2006. This growth was due more to tax revenue than to grants, which in fact declined by 2.9 per cent between 2005 and 2006. Moreover, in 2006 they represented only 7.1 per cent of total state fiscal resources. The overall budget deficit, excluding grants, rose from 3.2 per cent of GDP in 2005 to 6.1 per cent in 2006 and to 5.5 per cent in 2007. The higher deficit is due principally to an increase in subsidies and transfers, in particular to the energy sector, for which subsidies reached a level of 2 per cent of GDP. In 2006, transfers and subsidies rose by 86.1 per cent, which came on the heels of a 19.9 per cent hike in 2005. This was on top of rises in expenditures on wages and salaries and on investment. The large-scale programme to renovate and extend Dakar’s road network requires massive investment, which is being met both by the state’s internal resources and international donors, particularly Arab funds.

With a deficit of 6.1 per cent of GDP in 2006 and 5.5 per cent in 2006, the key criterion of the basic fiscal balance set under the WAEMU convergence pact, that it must be positive, was not met. This was, together with the current trade deficit, the only criterion that was not met in 2006 out of those set as part of the convergence pact.

The WAEMU data do not mention the problem of the accumulation of payment arrears on expenditures. However, the IMF estimates these to be 5 per cent of the expenditures authorised for 2006. The precise amount of the arrears is, however, difficult to ascertain, given the lack of any normal budgetary procedures making it possible to obtain reliable, complete data. According to IMF estimates, total payment arrears were to have reached X AF 2.3 billion by the end of 2006. Furthermore, the size of the budgetary float reached 1.25 per cent of GDP, double the previous recorded high.

The revenue collected was greater than budget projections between 2004 and 2006, which lends the budget acertain credibility. Moreover, expenditures were made in accordance with the Poverty Reduction Strategy Paper (PRSP) guidelines and other public

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<th>Table 2 - Public Finances (percentage of GDP)</th>
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<td>Primary balance</td>
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<td>Overall balance</td>
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a. Only major items are reported.

Source: Data from the Central Bank of West African States (CBWAS) and the Poverty Reduction Strategy Paper (PRSP II, 2007); authors’ calculations for the estimates (e) and projections (p).
policies. Budget support has been provided by a limited number of donors, and the amounts involved represent only 15 per cent of donor commitments and 5 per cent of disbursements. Annual rolling budget projections are drawn up within the plans for mid-term expenditure, even if only seven ministries have produced a plan for sector expenditures over this time frame.

**Monetary Policy**

The euro continued its rise against the dollar in 2007. This increased the value of the CFA franc against the US currency and by comparable proportions against the currencies of competitors that are linked to the dollar. Nevertheless, due to a relatively favourable inflation differential, this currency appreciation did not really affect the effective exchange rate in recent years. This situation could change rapidly if prices continue to rise.

The inflation rate in 2006 as measured by the 2006 WAEMU harmonised index of prices was 1.9 per cent, and the estimates for 2007 put it at 5.9 per cent. It would then substantially exceed the WAEMU convergence criteria, which set an inflation rate ceiling of 3 per cent. It should be noted that the price of electricity rose by 6 per cent in 2007, and that the state plans to make significant reductions in the amount of its subsidies to certain oil products, which could tend to push up the general level of prices.

The country’s foreign reserves stabilised in 2006 at 3.7 months of imports, compared with 3.9 months for the WAEMU countries and 5.9 months for sub-Saharan Africa. Non-performing credits reached a level of 16.8 per cent in 2006 and 16.7 per cent of credits in 2007, compared with 11.9 per cent in 2005. This situation is related to the difficulties facing the Société nationale d’électricité (Sénélec) and ICS, which are combined with the high concentration of bank credits. The state intends to ask the banks to increase their provisions in the event that the financial problems of ICS and Sénélec persist. The recent difficulties that the country has experienced with its large enterprises, in a context marked by high oil prices, do not seem to have had any particular impact on its foreign reserves. The net foreign assets of the central bank have been rising constantly, from about XAF 659.6 billion in 2005 to about XAF 779.5 billion in 2006.

**External Position**

The current account deficit came to 9.5 per cent of GDP in 2006, which was almost double the ceiling of 5 per cent of GDP that was adopted in the WAEMU convergence pact.

The current account deficit has been financed to a great extent by aid and debt cancellations. The country has effectively remained relatively dependent on official development assistance (ODA), with aid flows of about 10 per cent of GDP in 2006 (against 8.7 per cent in 2005). Aid remains highly concentrated, with 70 per cent coming from the five largest donors. In 2006, the largest donors, based on disbursements, were the World Bank, through its subsidiary the International Development Association (IDA); France; Germany; the European Union; the African Development Bank

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<th>Table 3 - Current Account (percentage of GDP)</th>
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<td>Trade Balance</td>
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<td>Imports of goods (f.o.b.)</td>
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<td>Factor income</td>
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<td>Current transfers</td>
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<td>Current account balance</td>
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Source: CBWAS data: estimates (e) and projections (p) based on authors’ calculations. StatLink® http://dx.doi.org/10.1787/323312121241
Senegal’s debt was brought to a more sustainable level, thanks to the resources of the Heavily Indebted Poor Countries (HIPC) initiative. The country was eligible for the enhanced HIPC initiative, and reached completion point in 2004, with a reduction of its total multilateral debt of XAF 1,069.7 billion, of which XAF 841.1 billion was from the IDA and XAF 163.9 billion from the AfDB.

Judging by the size of aid flows that the country has received in recent years, Senegal has had stable relations with its development partners. The 2007 meeting of the Consultative Group for Senegal in Paris concluded with a commitment from the partners to provide the country with greater financial support than the government had hoped to obtain. Nevertheless, most of the commitments depend on greater prudence and transparency in the management of public finances.

Furthermore, the government has reached decisions on sensitive issues with its partners. It has, for instance, given preference to the project for a special economic zone in Dakar, for which a Dubai investor is the agency, over the Diamniadio platform project proposed under the Millennium Challenge Account, a US government fund. The Dubai project involves the development of infrastructure, to be paid mainly by foreign direct investment (FDI), on a site provided by the state, with the land to be leased to private companies. Work should begin in 2008 and last five years. Companies working in the zone will receive significant benefits relating to customs and tax: VAT and the tax on businesses. Instead they will pay a simple tax on turnover.

The competitive position of Senegal deteriorated seriously in 2006 because of the appreciation of the euro, higher oil prices, and turmoil in the hydrocarbons and electricity sector and in ICS, all of which are taking place in a business environment that has not seen much improvement. Total exports were down by 9.6 per cent.
A certain number of steps have been taken recently to improve the business environment and attract FDI. For example, in 2007 the administrative time required to set up a business was cut from 51 days to 48 hours. In addition, the decision to reduce the rate of tax on businesses from 35 per cent to 25 per cent took effect in 2006. Nevertheless, these measures have had only a limited impact. Senegal received only 0.73 per cent of total FDI flows into West Africa in 2006 (against 0.11 per cent in 2005).

**Structural Issues**

**Recent Developments**

In 2006, the announced privatisations of the large enterprises in the parastatal sector, in particular of Sonacos (which became Suneor) took place, with the notable exception of Sénélec, which has remained under the state’s tutelage.

The authorities declared that their aim was to improve Sénélec’s financial situation in order to make it more attractive before again seeking to privatise it. This will not be very easy, given the high cost of oil and the ensuing energy crisis. Despite the boom in demand for electricity, production by Sénélec was down slightly in 2006. This decline further undermined its financial viability, which was already very precarious. The difficulties led to an unprecedented deterioration in service quality.

There were 7,959 power outages in 2006, against 2,540 in 2005. This resulted in major difficulties for businesses and households. Fuel oil supplies from Sénélec’s traditional suppliers were seriously disrupted. The suppliers had demanded a drastic cut in payment times. There were also several commercial disputes between the national electricity company and GTI, the private US operator that supplies it with a large portion of its nominal power. Sénélec is in the process of diversifying its supply sources in order to reduce its dependence on oil. The combined impact of Sénélec’s projects should lead to a 600 MW increase in its productive capacity by 2012.

The subsidies did not prevent a rise in electricity and butane gas prices, which in 2006 were up respectively by 15 per cent and 50 per cent. The government has had to allow an additional 6 per cent rise in electricity rates since November 2007. The other focal points of the reform mainly concern the restructuring and recapitalisation of the sector, the formulation of new, more appropriate rates, cost control and the greater involvement of the private sector.

The Société africaine de raffinage (SAR) also experienced numerous cash flow problems and even had to shut down its refining operations at one point.

The programme of road works is continuing in order to improve the circulation of traffic in Dakar. This should eventually make travel around the region much easier. At the same time, the state of certain roads in the interior, which are still crucial for the flow of people and goods, has deteriorated a great deal because of weaknesses in the maintenance system. This poses a critical problem for producers in the country’s interior who need access to markets.

There was little improvement in the business climate in 2006 and 2007, as can be seen in international rankings. For instance, Senegal was ranked 100th out of 131 countries by the Global Economic Forum. A closer look gives an even bleaker picture, as the country’s ranking is lower when other indicators are taken into account. It ranks 119th in terms of labour market efficiency, 111th in terms of the sophistication of the financial market, and 113th in terms of health and basic education. On the other hand, it ranks 58th with respect to macroeconomic stability. This solid score is a reflection of the stabilisation of the macroeconomic climate that is being achieved in the members of the WAEMU since this instrument of economic and monetary integration was established. In respect of the Doing Business ranking by the World Bank, Senegal came only 162nd out of 178 countries.

In 2007, the state adopted a law setting out a strategy for accelerated growth. The goal is to revive economic growth and competitiveness by removing any obstacles in the business environment and by
emphasising five sets of measures intended to have a positive impact on growth. The state is also committed to set up a new labour code that should make it possible to renew fixed-term employment contracts indefinitely. Finally, it will remove the protection accorded to Suneor by eliminating the 25 per cent surtax on imports of vegetable oil and the indicative value tax for the import price of palm oil.

The government requested and obtained from the IMF the creation of a three-year Policy Support Instrument (PSI). The PSI emphasises the restoration of prudence in budgetary management in order to ensure macroeconomic stability. Similarly, the authorities wish to improve fiscal governance and transparency so as to make the public sector more efficient, restore its credibility and ensure the continuation of foreign aid. They are also encouraging private-sector activities, based on a transformation in the business climate and the pursuit of the reforms covering the fragile enterprises in the public sector. Finally, they wish to increase the contribution of the financial sector to the economy and reduce the general vulnerability of all sectors.

Under the PSI, the state has also agreed not to provide any guarantee or financial aid to the company in charge of building the Blaise-Diagne international airport, with a few properly noted exceptions. It will publish the elements of the contract concerning the airport on the website of the ministry of finance and in the annex to the 2008 budget bill.

As for the agricultural sector, 2006 was marked by the stagnation of the maize promotion programme. It had been one of the pillars of the government farm programme in 2004, based on an increase in the annual production of maize to 1 million tonnes. A publicity campaign was carried out in the countryside in order to encourage farmers to expand the amount of land devoted to this crop. This was a success. The government also distributed seed on credit and subsidised the fertiliser used on maize. Nevertheless, the programme did not have a lasting impact. It had limitations that were closely linked to a lack of distribution of inputs, delays in the publicity campaign, and the low prices paid to growers, which were set by the state at XAF 100 per kilogramme.

As for groundnuts, the end of the programme to revive this sector and the first steps in the privatisation of Sonacos date from 2003. The groundnuts trade association, the Comité national interprofessionnel de l’arachide, is still responsible for determining the price paid to growers. It must take into account the tax imposed on vegetable oils since 2006, as well as the rise in local oil prices in 2007.

The price paid to groundnuts producers is still set at XAF 150 per kilogramme, including XAF 15 in state subsidy, as against XAF 40 in 2006. Nevertheless, higher rates are found on the black market, which means that there is no guarantee that Suneor will hit its collection targets in 2008. In addition to these difficulties linked to economic conditions, groundnut production is a very unstable activity. Since the disappearance of Sonagraines, there have been numerous problems with the collection of the harvest. A substantial volume of vouchers have been issued for harvests purchased from the farmers, but they have often remained unpaid. Furthermore, the state has repeatedly tried to break free of the single-crop system of groundnuts, especially by encouraging cultivation of maize and manioc, but without great success.

The financial system is continuing to suffer from the low level of investment credits, in particular for small and medium-sized enterprises (SMEs). Lack of access to bank loans is still a major constraint for financing SMEs. Bank credit remains concentrated in a limited number of large corporations, most of which are in trouble. The ratio of consolidated loans to capital for the five largest bank customers rose from 103.7 per cent in 2006 to 108.8 per cent in 2007. In 2005, this percentage was 179.9. This decline reflects the state’s efforts to reimburse part of the Sénélec debt.

**Development of Technical and Vocational Skills**

With Senegal’s annual demographic growth rate of 2.8 per cent, some 100 000 new job seekers arrive on the labour market every year, more than half of whom have never attended school. Only about 3 per cent have a diploma in technical education and
vocational training (TVET). The unemployment rate among young people is about 38 per cent, with an average time required to find a job of four years. This situation is exerting considerable pressure on the labour market and constitutes a major risk to the country’s social and political stability.

The national office for vocational training was set up in 1986 as a public establishment with an industrial and commercial orientation. It works with training centres to provide short-term training in various economic sectors, and is focussed in particular on craftsmen and associations and, to a lesser extent, individuals. Initial and continuing training are offered free of charge, with an annual operating budget of about XAF 500 million, which is financed in part (5 per cent) by the tax on vocational training. Between 1992 and 2005, more than 42 000 people (4 440 people every year) received skills training and/or refresher courses in the fishing, livestock and agriculture sectors or in fields often related to the informal sector such as family and social economics, crafts, literacy, the processing of local cereals or fruit and vegetables, etc.

The ministry of education is responsible for the technical and vocational training sector. This places it in an uncomfortable situation, in that the donors favour basic education and literacy programmes, which are more in accord with their strategies to fight poverty.

Nevertheless, raising the level of the population’s qualifications is still a political and strategic issue. The first national gathering devoted to technical and vocational training took place from 31 March to 2 April 2001. It helped to establish an ongoing dialogue between all those involved in the sector and to seek the consensus needed to develop new approaches. In February 2002, the government adopted a policy document on the technical and vocational education sector that reflected a genuine break with the past. It emphasises the need to take account of economic competitiveness and growth and to reorient technical and vocational training towards the needs of the labour market. It also spoke of the need to reform apprenticeships, to integrate continuing education, and to assist trainees to find jobs, as well as the need for changes in training techniques and methods. The office of junior minister in charge of technical education and vocational training was created to oversee policy.

Plans call for the quadrupling of enrolment in vocational training by 2010, raising it from 5 000 to 20 000, and for the rate of young people completing the training and going on to find jobs to rise to 70 per cent. This will lead to adjustments in the state operating budget. Policy in this area is focused on key economic sectors such as agribusiness, fishing, tourism, construction, logistics services, information and communications technology, and the textile and clothing sector, for which specific demands for qualifications have been expressed by the relevant trade associations.

The budget allocated to technical training has varied erratically over the last 15 years. It rose from XAF 3.1 billion in 1992 to 11.9 billion in 2005, after having fallen to XAF XAF 1.6 billion in 2000. However, the share of technical education and vocational training in the total education budget has never exceeded 4.5 per cent, with a low of 1.6 per cent in 2000.

Development partners such as the Agence française de développement (AFD) provide support to the sub-sector. For instance, the AFD set up a EUR 12.75 million project for vocational training. This involves building a public-private partnership based on the development, establishment and management of sector centres to provide initial and continuing vocational training in three professional branches in order to make them more competitive: the agrifoods business, transport and logistics (in the Port Community), and construction. The project also involves institutional support and overall technical assistance.

The 10-year education and training programme (PDEF) drawn up by the government with strong support from donors entered phase two in December 2004. Its priority is now vocational training, together with basic education. The programme is consistent with the overall poverty reduction strategy and with the development strategy for the private sector.
Box 1. **Specific training needs to support growth: the case of the construction sector**

In Senegal, the construction sector unquestionably plays a predominant role in the growth process. The planned start of work on the Blaise-Diagne international airport, on the Dakar special economic zone, and on the construction of the Dakar-Diamniadio toll motorway, as well as the major projects under the aegis of the head of state, will all contribute to stronger growth in the coming years. Construction is also, however, a sector where the lack of skills is cruelly felt. For this reason the Senegalese authorities have, with the support of the AFD, examined the possibility of setting up a centre for training in construction skills as part of the programme to enhance the competitiveness of Senegal’s businesses.

There is a need for more and better training, both at the initial and continuing level, to meet the needs of this growing sector. Only a single higher education institute, the *Ecole supérieure polytechnique*, trains high-level engineers in this field. Technical high schools and intermediate-level training centres also offer training programmes. However, the technical high schools do not provide specific and continuing education in construction skills.

In Senegal, construction is dominated by a system of subcontractors (*tâcherons*). These are individuals who, while often not possessing many skills, have a great deal of experience in the field. The formal enterprises that win tenders for construction contracts subcontract a great deal of the work to these informal workers. The subcontractor sets up his team, which includes workers with a variety of skills (framework construction, formwork, pouring, tiling, etc.), who are often paid by the job or by the day, and are very often trained on the job. In this system, only the security personnel and foremen are paid by the month. This situation ensures great flexibility with job contracts. The intense competition between the subcontractors helps to keep production costs very low and to pass on a good proportion of the profit margin to the tendering companies. However, this system goes in hand with a lack of skill training for the key workers, and often leads to work of indifferent quality, to put it mildly.

The needs identified in terms of jobs to support the expansion of the sector and guarantee the quality of the work mainly concern the construction foremen. They are essential actors in the organisation of the work, and must simultaneously play the role of works co-ordinator, monitor and controller. These positions are generally held by workers and others familiar with the work who do not have any previous background qualifications for such responsibilities. However, the way institutional training is currently set up still does not provide for taking charge of this type of position properly.

The construction sector also lacks skilled workers, particularly with respect to roads and transport, who nonetheless play a crucial role on these projects. These jobs are mainly held by workers who lack the necessary qualifications, but who have been trained while working informally. The same holds for the team leaders in charge of masonry, plumbing, tiling, etc. There is also a need for skills for certain highly specialised positions, such as surveyors, topographers, hydraulics specialists, etc.
Political Context

The country held a presidential election in March 2007, which was followed in June and August by elections for the legislature and senate. Abdoulaye Wade, the incumbent president and the candidate of the Parti Démocratique Sénégalais (PDS), the party in power, won the presidential election with more than 56 per cent of the vote in the first round. In the opinion of the observers who monitored the poll, the election took place in calm conditions and with an acceptable level of transparency, despite a few problems related to material. Despite this, the opposition disputed the results and demanded extensive discussions with the government, for the purpose in particular of ensuring greater clarity in future polls. The government was willing to engage in discussion on the express condition that the opposition acknowledged beforehand that the presidential election had been conducted properly, and thus that the head of state was legitimately elected. As the two parties were unable to arrive at a consensus, positions hardened, and the opposition, united in the Front Siggil Sénégal, chose to boycott the legislative elections in June 2007. The elections were thus won handily by the PDS, which obtained 131 of the 150 seats in the National Assembly. Turnout was about 38 per cent, compared with 70 per cent in the presidential vote.

The year 2007 also saw the creation of the senate. The senators are either elected by indirect universal suffrage by the different socio-professional categories in the country (35 per cent of the members) or appointed by the president of the republic (65 per cent of the members). The senatorial elections were also boycotted by the opposition, which resulted in a decisive victory for the party in power, which won 34 of the 35 seats. The only seat to escape it was that for the Bignona region in the south. Finally, there was another institutional change in 2007: the council of the republic for economic and social affairs, which is the country’s third-leading institution after the presidency of the republic and the national assembly, was dissolved. Its responsibilities were transferred to the senate and to the economic and social council, which returned to the institutional scene after having been dissolved in 2000.

A tense calm has reigned in Casamance for two years. There were no armed confrontations between the military and the rebels during this period, but Chérif Samsdine Néma Aidara, the chief of mission for the

Box 2. Specific training needs to support growth: the case of Dakar’s port operations

The port plays an extremely important role in the economic life of Senegal. It involves a variety of activities which include the transport and warehousing of conventional goods and containers, transit, consignment, the repair and maintenance of engines, port operations, etc. These activities require at least a certain level of security, quality and technology in order to facilitate the country’s international trade.

The training system in Senegal is not adequate to meet the level of skills required by the activities at the port. It must therefore draw on personnel trained either abroad or on the job. The needs are many and varied, ranging from the design and production of logistics systems to expertise in shipping procedures and related services (warehousing, transit, packaging, etc.), including expertise in product quality management tools (in particular with respect to the hygiene standards in force in the developed countries) and equipment maintenance. The Port Community business association, having noted the lack of a training system suited to deal with these various needs, joined forces with the trade association of French shippers, the Fédération des entreprises de transport et de logistique, to submit to the government an assessment of the port’s training needs. With the support of the AFD, Senegal is currently considering the feasibility of an institutional arrangement that would be able to deal with these needs.
president of the republic and a key player during negotiations with the rebels, was assassinated at the end of December 2007. The assailants were not identified, and the investigation is continuing. It is noteworthy that, during this same period, the president of the regional council of Ziguinchor, Oumar Lamine Badji, was also murdered.

**Social Context and Human Resources Development**

Emigration remains a contentious issue, with large numbers of young people embarking on makeshift craft and braving the sea in their efforts to enter Europe clandestinely. Nevertheless there has been observable progress on the diplomatic scene, which led Spain to grant hundreds of young Senegalese visas and work contracts. But demand was much greater than the number of visas granted, and the massive outflows did not cease in 2007; indeed, far from it. A large number of Senegalese are still dying at sea in the hope of finding a better life in Europe.

In the field of literacy, the results of the ESPS poverty monitoring survey in Senegal showed that progress has been made. The literacy rate of adults (15 years and older) rose from 37.8 per cent in 2001/02 to 41.9 per cent in 2005/06. These figures, however, conceal enormous urban-rural disparities. In 2005/06, the rate in Dakar was 63.5 per cent (59 per cent in 2001/02) and 54.8 per cent in the other cities (49 per cent in 2001/02), compared with only 26.4 per cent in the countryside (17.5 per cent in 2001/02).

The 10-year education and training programme is still emphasising broader access to different levels of education, while taking increasing account of the issue of quality. According to the local authorities, the gross enrolment rate (GER) in elementary education fell slightly from 82.5 per cent in 2005 to 81.8 per cent in 2006. Again, these data do not reflect the significant gaps between the regions and between different levels of schooling. At the middle and secondary education levels, the GER was, respectively, 31.3 per cent and 15.5 per cent. The authorities have had to deal with the issue of school drop-outs, of whom there are many, particularly in the countryside and among girls. The educational programme in Dakar’s suburbs, called *Projet éducation*, which the state launched with French support, continued in 2007. It has resulted in the construction of a number of schools, particularly at the primary level, in the capital’s disadvantaged suburbs. A total of 320 classrooms are due to be built and equipped there.

The state health-care policy is still based on the national health and social development programme, which covers the period 1998 to 2007 and gives emphasis to primary health care. A certain number of sector programmes take into account specific public health issues, such as both the national anti-HIV/AIDS programme and the national anti-malaria programme. With respect to HIV/AIDS, the goal is to maintain the level of incidence near the current level of about 1 per cent. Cholera is still a troubling public health issue, with a new alert in August 2007 that resulted in 1274 identified cases, with four deaths.

The results of the ESPS poverty survey showed that 17 per cent of those questioned believed that they had been ill in 2005/06. Of these, 45.9 per cent had malaria, 4.4 per cent diarrhoea, and 3.4 per cent dental problems. The public health problems afflicting people also affect their productivity. Out of 100 people who declared themselves ill, more than two-thirds had to take time off work. Access to health care is another source of inequality between people in the city and those in the countryside. At the national level, 38.7 per cent of households are within a 30-minute walk of health facilities. However, an analysis of this figure reveals that the respective figures were 56 per cent in the countryside and 16.9 per cent in the cities, which have better health services.

The fertility rate remained high in 2007 according to estimates, with an average of five children per woman.

In 2007 the impact of higher oil prices on gas, fuel, transport, etc. had a greater impact on the incomes of urban households than on those of rural households. Even so, poverty rates remained higher in rural areas.
than in Dakar or the other cities, as was emphasised by various surveys of household living conditions.

A recent survey of perceptions of household poverty conducted by the national demography and statistics agency showed that people felt much less poor in 2005/06 than in 2001/02. For instance, in 2005/06, 56 per cent of household heads surveyed believed that their community was rather poor or very poor, whereas 74 per cent of them believed this in 2001/02. Likewise, 52.2 per cent of households considered themselves poor in 2005/06, whereas the figure in 2001/02 was 65.1 per cent. The survey also showed that the difficulties that Senegal is currently experiencing have not undermined the morale of the Senegalese. Only 22.1 per cent of them expected poverty to increase in the coming years, while 44.8 per cent of them believed that it would fall. Despite these views, the work of the surveyors revealed that there are still significant levels of poverty in Senegal.

In 2006, one praiseworthy initiative was taken to help with the health of the elderly: the “sésame” plan. This gives people over the age of 60 free access to health care. Before the implementation of this programme, only those in a retirement scheme enjoyed medical coverage. However, it is estimated that only 200 000 Senegalese out of a population of 12 million are entitled to the benefits of a formal retirement scheme. In practice, the great majority of the elderly were active in the informal sector, with no coverage from the social welfare system.