

Linking The Poverty Reduction Strategy Paper and Millennium Development Goals



The Case of Senegal



African Forum and Network
on Debt and Development

Acknowledgements

AFRODAD wishes to acknowledge their great debt of gratitude to Mr. Demba Mussa Dembele , Director of the African Forum on Alternatives, Senegal and his research team for investing considerable time and effort in the research process of this report. Many thanks also goes to those in the Senegalese government, civil society, the UN family, international financial institutions, donor community and private sector who contributed to the research outcome through interviews or responding to questionnaires. We also remained indebted to Vitalis Meja for helping in the final edit and proofreading of this report.

The central support of Diakonia and Oxfam Netherlands (Novib) was invaluable to the project. The report benefited greatly from the facilitation of Mr. Tirivangani Mutazu at AFRODAD secretariat. Many thanks to many of our colleagues whom we cannot all name but whose input into the national research validation workshop remains vital to this output.

Linking PRSPs and the Millennium Development Goals
The Case of Senegal

ISBN 0-7974-3217-5

© 2006

All rights reserved to AFRODAD

African Forum and Network on Debt and Development

31 Atkinson Drive, Hillside,
PO Box CY1517, Causeway, Harare, Zimbabwe
Telephone 263 4 778531, 778536 Telefax 263 4 747878
E-Mail afrodad@afrodad.co.zw
Website: www.afrodad.org

About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of Seven programme and five support staff.

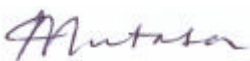
Preface

The relationship between growth and poverty lies at the heart of development economics. While many see aggregate growth as both necessary and sufficient for reducing poverty, and consequently focus their efforts on achieving the desired macroeconomic outcomes, others stress that the benefits from growth may not be evenly spread. In fact critics of globalization often point out that growth of the macro economy may well have an adverse effect on the most vulnerable members of society. Thus the distributional impact of growth, as well as its level, needs to be taken into account when considering the consequences for poverty.

The PRSPs have a three-year lifespan after which they can be reviewed and updated on the basis of the annual evaluations. Donor funding for PRSP programmes has tended to be focused on these short-term timeframes making it difficult to plan, focus and budget resources beyond three years. This poses a challenge on predicting donor funding commitments and continuity after the three years. On the contrary, MDGs are cast in the long-term, which would imply longer term project planning, implementation and longer-term donor funding commitments. Thus effectively the complimentary role of PRSPs to MDGs is being undermined by the disjoint in the timeframes between the two. Expanding the PRSP cycle to align it with the long-term vision of the MDGs would enhance the link between the two and increase their effectiveness.

Some quarters of civil society organizations have already recommended that if PRSPs do not help in attaining the MDGs then the PRSPs have to be done away with. All donors, even the US, have backed the MDGs, but have failed to translate this yet into aid allocation policies and practical poverty reduction actions. Nevertheless, similar to the PRSPs, the MDGs are one of the few frameworks donors could unite around and which could form the basis of the harmonization of aid policies and poverty reduction in Africa. It is therefore important to interrogate the divergences and convergences imbedded in the use of both the PRSPs and MDGs as planning tools at national level by focusing at how some African countries are handling both PRSPs and MDGs within the context of national plans and development strategies.

The case of Senegal shows the complexities associated with superimposing the MDGs in a context where the PRSP had already taken center-stage. It also speaks to the problems associated with the neoliberal policies that began with the structural adjustment programs in the early 1980s. This report argues strongly that the Breton Woods institutions have not changed their way of thinking and conducting business in Africa. It goes on to state that the MDGs as long as they link to the neoliberal paradigm as put by the Breton Woods institutions, they will never uplift Africa from the ashes of its grinding poverty-they will rather enforce underdevelopment.



Charles Mutasa
Executive Director
AFRODAD

List of Abbreviations

AGOA:	African Growth & Opportunity Act
AGS:	Accelerated Growth Strategy
CAS:	Country Assistance Strategy
CET:	Common External Tariff
CFA:	Cooperation Financiere Africaine
CSO:	Civil Society Organization
ECOWAS:	Economic Community Of West African States
EPA:	Economic Partnership Agreement
EU:	European Union
FDI:	Foreign Direct Investment
GATS	General Agreement In Trade In Services
GDP:	Gross Domestic Product (Or Production)
IDA:	International Development Agency
HIPC:	Heavily Indebted Poor Country
IFI:	International Financial Institution
IMF:	International Monetary Fund
JSA:	Joint Staff Assessment
MDG:	Millennium Development Goal
NAP:	New Agricultural Policy
NIP:	New Industrial Policy
ODA:	Official Development Assistance
PRGF:	Poverty Reduction & Growth Facility
PRSP:	Poverty Reduction Strategy Paper
SOE:	State-owned Enterprise
SENELEC:	Societe Nationale Delectricite
SONACOS:	Societe Nationale De Commercialisation Des Oleagineux Du Senegal
SONATEL:	Societe Nationale De Telecommunications
UNCTAD:	United Nations Conference On Trade & Development
UNDP:	United Nations Development Program
US:	United States
VAT:	Value-added Tax
WAEMU:	West African Economic & Monetary Union
WB:	World Bank
WTO:	World Trade Organization

Table of Contents

Preface	4
List of Abbreviations	5
1.0 Background and Context	7
1.2. Background Information on Senegal	7
1.2.1. General Context	8
1.2.2 Structural Adjustment and Poverty	8
2.0 Senegal and the Breton Woods Institutions: The Impact of SAP	10
2.1. Senegal Debt Crisis and the HIPC Initiative	11
2.1.1. Admission to the Enhanced HIPC Initiative	11
2.1.2 The Senegalese PRSP	12
2.1.3 The Policy Conditionalities of the PRSP	13
3.0 Senegal and the MDGs: National Context	16
3.1 Linking MDGs and the PRSP	17
3.2 Financing the MDGs	18
3.3 Role of Civil Society Organizations	20
4.0 Recommendations	21
4.1. For the Government	21
4.2. For Western countries, UN Agencies and IFIs	22
4.3. For Civil Society Organizations (CSOs)	23
5.0 Conclusion	24
6.0 References	25
Appendix 1: Terms of Reference (With reference to Senegal)	27
List of Tables and Boxes	
Table 1: Summary of key economic and social indicators	10
Table 2: Targets & indicators of Goal 1	17
Table 3: PRSP Projections for Achieving the MDGs	18
Table 4: Estimated Financial Needs for the MDGs	19
Box 1: PRSP Objectives and Pillars	12
Box 2: PRSP: A Transparent and Participatory Process	13
Box 3. Institutional structure for the MDGs	20

1.0 Background and Context

As a former colony, Senegal faced tremendous challenges in its economic and social development, following its independence in the early 1960s. In the absence of an indigenous private sector, the new State had to step in and play a big role in the country's economic and social development, which resulted in the creation of a large public sector. Internal difficulties combined with severe external shocks led to the debt crisis of the late 1970s.

Like many other African countries, Senegal turned to the International Monetary Fund (IMF) and World Bank for technical and financial assistance. Their intervention, beginning in the early 1980s, inaugurated an era of structural adjustment programs, which literally dismantled what the State had painstakingly tried to build in the 1960s and 1970s. Trade and financial liberalization, deregulation and privatization of public enterprises worsened the debt crisis as well as the economic and social crisis.

The high economic, social and human costs of structural adjustment are reflected in the deterioration of Senegal's human development indicators, illustrated by the explosion of poverty, especially in rural areas. As a result, the IMF and World Bank proposed a seemingly 'new' agenda: the Poverty Reduction Strategy Paper (PRSP). At about the same time, the United Nations, alarmed by the widening gap between rich and poor and the spread of world poverty, proposed the Millennium Development Goals (MDGs) in 2000.

Since 2001, Senegal's development agenda has been locked into these two documents, which have become the framework for the country's relationships with industrialized countries, the United Nations and multilateral institutions. Despite the participation of Civil Society Organizations (CSOs) and the private sector in the formulation of some aspects of these documents and the rhetoric about national "ownership", the content of both documents is largely influenced by the agenda of external forces. This is particularly true for the PRSPs, which have little to do with 'poverty reduction.' They are a clever attempt by the IMF and World Bank to regain some credibility and improve their image tarnished by the economic and social impact of structural adjustment policies. The IMF and World Bank still have a strong influence in the formulation and implementation of Senegal's policies, as reflected in the content and implementation of the PRSP. This is why aligning the MDGs with the PRSP makes the achievement of the latter even more improbable.

To have a better chance to achieve some of the goals, the Senegalese government, with the help of civil society and the private sector, should challenge the IMF and World Bank and align the PRSP with the MDGs. Furthermore; the government needs to implement different internal policies, especially in agriculture, to promote food production and the consumption of local products. Other important steps need to be taken to increase the chances of making real progress toward the MDGs.

Civil society organizations should use the MDGs to challenge IMF and World Bank conditionalities as well as other neoliberal policies that undermine the goal of poverty reduction. They should also challenge the government and external partners to live up to all their commitments regarding the MDGs. In any event, a turnaround in current policies will be necessary, if Senegal is to keep any hope of achieving some of the MDGs and making real progress toward others.

1.2. Background Information on Senegal

Located in the western part of the continent, Senegal is bordered by Mauritania in the north, Mali in the east, Guinea-Conakry and Guinea-Bissau in the south and the Atlantic Ocean in the west. Its population approximated 11 million in 2005. It is divided into six main groups: Wolof; Pulaar; Soninke; Diola; Serer and Mandingo. Islam is the dominant religion, with 85% while Christianity accounts for 10%. The remaining 5% is composed of several religious denominations and of animists.

Senegal became independent in 1960, after more than 300 years of French colonization. However, the nominal political independence did not translate into economic independence. Through a myriad of economic, financial and security ties, France continues to exert an excessive influence on Senegal's economic, political and social life. This explains, among other things, why Senegal is still considered as one of the backyards of French neo-colonialism.

1.2.1 General Context

The colonial legacy is the first constraint on Senegal's development. This has been compounded since the late 1970s by the impact of its external debt burden and the policies imposed by the IMF and World Bank., which literally destroyed all the gains made during the first two decades of independence.

Economic development in Senegal is also constrained by the institutional environment in West Africa, since Senegal is a member of two sub-regional groupings. The first grouping is the West African Economic and Monetary Union (WAEMU), which comprises eight countries, all former French colonies, except Guinea-Bissau. The WAEMU countries share the same currency, the CFA Franc, which was pegged to the French franc by a fixed exchange rate before the advent of the euro. In 2000, WAEMU members adopted a common external tariff (CET) in their trade with third countries. This tariff is believed to be among the lowest in the world, which contributes to compounding the difficulties experienced by the domestic economy.

The second grouping is the Economic Community of West African States (ECOWAS), which includes all West African countries, except Mauritania. It is expected that in due course the two entities will merge to form a single community as called for by the African Union.

Other factors constraining Senegal's development include World Trade Organisation (WTO) rules and agreements with industrialized countries, such as the Cotonou Agreement and the African Growth and Opportunity Act (AGOA). Both agreements seek to impose free trade arrangements on Senegal and other African countries, which will aggravate the economic and social crisis experienced by the country.

Like most Sub-Saharan African countries, Senegal is an agriculture-based economy in which the State played a major role in the first two decades of independence. This translated into the growth of a large public sector, which benefited from State assistance in many areas. The economy is dominated by the production and processing of primary products (groundnuts, fish, livestock, cotton, phosphates).

1.2.2 Structural Adjustment and Poverty

Sharp fluctuations in the prices of the primary products exported by Senegal in the 1970s, combined with a series of droughts, led to increasing current account and fiscal deficits, which worsened in the late 1970s. This, in turn, led to the rapid rise in the external debt that, in the early 1980s, had reached a level that the government found unmanageable. The ratio of debt-to-gross domestic product (GDP) rose from about 16% in 1970 to 57% in 1981. Likewise, the ratio of debt service to exports of goods and services more than quintupled from less than 4% to about 20% during the same period (UNDP, 2001: 52).

These worsening debt ratios were a reflection of a growing internal economic and social crisis exacerbated by a series of external shocks. To deal with the crisis, Senegal turned to the International Financial Institutions (IFIs) in the hope that they would help turn the situation around. This was the beginning of a journey into more economic crisis and social destruction.

1) IMF and World Bank Intervention

So, the Senegalese crisis is rooted in a crippling debt burden aggravated by IMF/WB structural adjustment policies, beginning in the early 1980s. Armed with arrogance and an unflinching faith in the power of 'free markets', they came with an agenda whose real objective was to dismantle the infrastructure that the Senegalese state had painstakingly built during the first two decades of independence.

Dismantling the Agricultural Sector

In 1985, Senegal was forced to adopt a New Agricultural Policy (NAP). This policy aimed to dismantle most of the State-owned enterprises (SOEs) that used to provide a variety of services to peasants, especially in the groundnut basin. The IMF and World Bank argued that the liberalization of the sector would increase agricultural production and improve peasants' living standards. In fact, the result was the opposite. One of their mistakes was to ignore that the presence of the State through several parastatals was a positive factor for peasants, who benefited from technical and advisory services, as well as management training, provided by these SOEs.

Thus, eliminating them overnight was not a measure that could improve productivity, but rather penalize peasants and put the agricultural sector in a downward spiral. As a result, the crisis of the Senegalese agricultural sector has deepened ever since, as reflected in the constant decline of its contribution to GDP. That contribution fell from an average of 19% between 1965 and 1986 to an average of 11.0% between 1978 and 1993 and to less than 10% since 1996. The deep crisis of the agricultural sector is also illustrated by the growing dependence on imports of foodstuffs (rice, wheat, maize, milk, etc.) which absorb billions of CFA francs.

Senegal covers less than 50% of its needs in cereals. Food production has declined by 1.1 % a year, between 1990/1991 and 2002/2003. As a result, it has become a net food importer. Imports of rice alone cost annually \$200 million. The deficit of its trade balance in food has worsened in recent years, increasing from CFA 97 billion in 1997 to CFA 186 billion in 2002. It is estimated that Senegal is losing annually an average of CFA 146 billion to imports of food (Senegal, 2005c: 24).

Destroying the Industrial Base

The same pattern was observed in the industrial sector, with the adoption of the New Industrial Policy (NIP) in 1985, which combined liberalization of external trade and the elimination of State support for the domestic industry. Since the mid-1980s, the IMF and World Bank have imposed one of the most sweeping trade liberalization programs in Sub-Saharan Africa, which translated into the removal of most tariff and non-tariff barriers that used to protect its domestic industry. The country's average external tariff was drastically reduced, while all import quotas and licenses were removed. Customs procedures were significantly simplified and most export taxes and subsidies eliminated (Dembele, 2003a: 21).

The effects of these measures have been devastating. Many small-sized industries collapsed, while state-owned enterprises were dissolved, downsized or privatized. All this translated into massive job losses, estimated at more than one third in the manufacturing sector alone in the 1980s. This was accelerated in the 1990s, following the 50% devaluation of the CFA in January 1994, with more sweeping trade and financial liberalization accompanied by more privatization of State-owned enterprises. As a result, the country's social indicators continued to deteriorate. In 1998, the World Bank's Country Assistance Strategy indicated that the unemployment rate for urban workers, aged 25-40, was more than 40%, while unemployment in rural areas stood at 65%. Currently, official figures acknowledge that 60% of those employed work in the informal sector, most with temporary or part-time jobs (WB, 1998; Dembele, 2003a).

Eliminating the Public Sector

The structural reforms in the agricultural and industrial sector had one single aim: eliminate the public sector, which was one of the largest public sectors in Sub-Saharan Africa. In the early 1980s, Senegal had an estimated 180 state-owned enterprises (SOEs), employing more than 30,000 people, approximately a third of the workforce in the formal sector. The accumulation of deficits by some of the leading SOEs contributed to the increase in the external debt and to its crisis.

This may explain, among other things, the zeal with which the IMF and World Bank set out to dismantle the Senegalese public sector, beginning in 1987. To date, the elimination of that sector is almost complete. With the notable exception of the electricity utility, SENELEC, all SOEs have been privatized or dissolved. The latest public enterprise to be privatized in 2005 is SONACOS, the groundnut processing company, after two previous failed attempts. But the IMF and World Bank are still pushing for the privatization of SENELEC, despite the high costs of its failed privatization in 1999-2000. The Bank is a member of a 'Taskforce' whose unique objective is to improve the company's financial situation in order to make it more 'attractive' to investors.

Rolling Back the State

All the above policies aim to drastically limit, or even eliminate, state intervention in economic activity in favor of the private sector. In fact, trade liberalization, deregulation and privatization have stripped the Senegalese state of most of its economic and social functions. In reality, the only role assigned to the State by the IMF and World Bank is to create an institutional and legal environment for private sector development. This is the essence of "good governance".

2.0 Senegal and the Breton Woods Institutions: the Impact of Structural Adjustment

According to the IMF, Senegal has one of the most open trading systems in Sub-Saharan Africa, including South Africa (Dembele, 2003a). Like other African countries, Senegal has paid a huge economic and social price to trade liberalization, as the Christian Aid study indicates (Christian Aid, 2005). For instance, the poultry sector is on the verge of collapsing as a result of the invasion on the domestic market by subsidized chicken thighs from the European Union (EU). Between 1996 and 2002, domestic producers have lost 70% of their market share and other sectors, such as the tomato, onion and milk industries, are in deep crisis for the same reason (Dembele, 2003a).

Resultantly, Senegal ended up being classified as a Least Developed Country in 2001, that is, a country characterized by a low per capita income, economic vulnerability and weak human resources.

In fact, since the 1990s, Senegal has been ranked among the 20 poorest countries in the world, according to the United Nations Development Programme (UNDP) Human Development Indicators (HDI). In 1997, its human poverty index stood at 48.7% compared to an average of 40% for all Sub-Saharan Africa (Dembele, 2003b). In 1994/1995, a Household Survey put the national level of poverty at 68%. Despite higher growth rates between 1995 and 2002, inequalities and poverty continued to increase. For instance, Senegal has recorded an average growth of 5% PER ANNUM since 1994, but inequalities have worsened during that period, with the Gini co-efficient increasing from 32.6% in 1994/1995 to 34.2% in 2001/2002. The richest 20% account for 41% of national spending, against 8.1% for the poorest 20% (Senegal, 2005b: 11), because inequality, poverty, marginalization and discrimination are the products of deliberate policies and power imbalances. Without attacking these policies at their roots, it is illusory to talk about "poverty reduction".

This explains why another Household Survey indicated that the level of poverty has not been significantly reduced, especially in rural areas. Even though the survey indicated that the average level of poverty at the national level had declined to 58% in 2001/2002, that figure was contradicted by responses from actual interviews, which showed that 65% of respondents said that they considered themselves as poor, with 23% considered to be very poor. Another 65% of respondents said that poverty had worsened between 1997 and 2002 (Senegal, 2005b: 9).

Table 1: Summary of key economic and social indicators

Indicator	1980-1985	1986-1993	1996-2000	2000	2001	2002	2003	2004	2005 (est)
Real GDP growth (%)	1.9	1.7	4.0	5.6	5.6	2.4	6.5	6.0	5.1
Per capita GDP growth (%)	0.4	-1.3	2.4	2.9	2.9	-0.2	3.9	2.9	3.1
Per capita GDP (\$)				520	500	480	635	580	650
Debt outstanding (\$ bn)			4.2	3.6	3.6	3.6	3.5	3.5	
(IDA loans, \$ bn)				(1.4)	(1.4)	(1.5)	(1.6)	(1.6)	
Debt GDP ratio (%)				82.3	77.4	70.1	64.8	61.0	58.5
Debt export ratio (%)				224.8	219.8	207.5	192.5	176.4	
Debt service (\$ million)				288	251	224	226	254	
Debt service to exports (%)				18.0	15.4	16.5	13.0	13.0	
Household poverty			58			54			
Individual Poverty Level (%)			68			65			
(rural poverty)			(75-90)			(65-72)			

Sources: Dembele (2003a); IMF (2003); Senegal (2005c); World Bank (2006a).

Those responses seem to be consistent with the indicator given in the 2004 Human Development Report, in which Senegal was ranked 157 out of 177 countries, with a Human Development Indicator estimated at 0.437. This led the World Bank to observe (WB, 2003a: 25) that "Senegal ranks low on the human income scale and even lower on the human development index". But what it did not add was that this was the result of more than two decades of devastating structural adjustment policies it had imposed on Senegal with its sister agency, the IMF. Trade and financial liberalization, deregulation, privatization and tight fiscal monetary and fiscal policies could not have a different outcome.

To deal with the abject poverty brought by structural adjustment, the IMF and World Bank proposed a seemingly 'new' set of policies to Senegal in 2000: the enhanced Highly Indebted Poor Countries (HIPC) Initiative and the Poverty Reduction Strategy Papers (PRSPs). It is within this context that Senegal is trying to achieve the Millennium Development Goals (MDGs).

2.1 Senegal Debt Crisis and the HIPC Initiative

Before the HIPC Initiative, Senegal had been to the Paris Club 13 times, between 1981 and 2000. In addition to debt rescheduling, it benefited from all the bilateral "debt relief" schemes, from the Toronto Proposal in 1988 to the Cologne Proposal in 1999. But, these schemes made little impact on its debt burden, in part because they did not address its root causes and the structural factors that perpetuate it.

With the intensification of structural adjustment policies, multilateral debt increased very rapidly. It averaged 64% of total debt between 1995 and 2003, against 36% for bilateral debt. Debt owed to the World Bank group accounted for 75.3%, while debt owed to the World Bank and IMF accounted for 86% of multilateral debt (Senegal, 2005c: 75). This explains these institutions' great influence in Senegal's policies.

The rapid rise in the debt level led to a concomitant increase in the debt service. For instance, debt service after rescheduling absorbed 11% of tax revenues in 1994; 27.6% in 1996 and 22.6% in 2000 (Senegal, 2003c: 75). Between 1990 and 1999, the annual debt service absorbed more than \$200 million. In other words, the external debt had become a major obstacle to the country's economic growth and social progress.

2.1.1 Admission to the Enhanced HIPC Initiative

Despite these ratios, Senegal's debt was deemed "sustainable" by the IFIs in the first phase of the HIPC Initiative. It was only after the adoption of the "enhanced" HIPC, in 1999, which relaxed the eligibility criteria, that Senegal was admitted in June 2000. In the original scheme, Senegal was promised a "relief" from its debt service worth \$800 million (or \$450 million in Net Present Value (NPV)), over a 10-year period (2000-2010). This represented about 17% of the country's external debt.

Contributions by the IMF and World Bank were respectively \$45 million and \$116 million (WB, 2000). These contributions accounted for less than 25% of the total "debt relief". They are not very significant both in relation to total "debt relief" and to the level of multilateral debt, which accounts for more than 65% of Senegal's external debt. In addition, these "contributions" were conditional on the implementation of macroeconomic policies and structural reforms, required before Senegal reaches the Completion Point.

The G8 decision made last July in Scotland to cancel 100% of Senegal's debt, however, changes the original scheme. In compliance with that decision, the IMF said it will cancel all the debts incurred by Senegal before January 1, 2005. The estimated amount is \$144.9 million (IMF, 2006). The World Bank announced that it will cancel Senegal's debts owed to IDA, but over 40 years (WB, 2006b).

Despite the G8 decision, the HIPC Initiative remains within the logic of "debt sustainability" based on superficial criteria. This is why it cannot offer a real solution to Senegal's debt crisis, or to other countries' debt crises, for that matter. In fact, it may turn out being just a "mirage" (UNCTAD, 2004).

Box 1: PRSP Objectives & Pillars.

A) Objectives:

- 1) short-term objectives:
 - a) achieve annual growth rate of 7-8% between 2003 and 2005
 - b) reduce by 15% the number of poor people between 2003 and 2005
 - c) double the contribution of agriculture to GDP, between 2001 & 2005
 - d) achieve the goal of 35 liters of water per day per adult (WHO recommendation)

- 2) long-term objectives:
 - a) double per capita income by 2015;
 - b) general access to essential services before 2010;
 - c) eliminate all forms of discrimination;
 - d) gender equality, esp. in primary & secondary education

This scenario is based on two hypotheses:

- a) significant increase in investments, following substantial increase in ODA & FDIs;
- b) increase in agricultural contribution to GDP.

B) Pillars:

- 1) wealth creation
- 2) capacity building & promotion of social services
- 3) improvements in living conditions among the poor & vulnerable groups
- 4) participatory implementation & decentralized monitoring of the outcomes

2.1.2 The Senegalese PRSP

The "novelty" of the HIPC Initiative lies in the imposition of the Poverty Reduction Strategy Paper. Senegal submitted its full PRSP in December 2001. It was sent to the IMF and World Bank and was "evaluated" by their Joint Staff Assessment (JSA) team whose observations were accepted by the Senegalese government. A new version of the PRSP was issued in May 2002. That version was sent to Washington and approved by the Boards of the IMF and World Bank in December, 2002.

According to both institutions, the PRSPs are different from the now discredited SAPs, because they are "country-owned" and promote "pro-poor" policies. But the approval of the document by the IFIs and the content of the PRSP contradict the rhetoric about "country ownership" and "poverty reduction". "Country ownership" is further undermined by the limited role, if any, played by the Senegalese Parliament in drafting the PRSP. The World Bank itself underlined this fact and "regretted" that the National Assembly did not play a significant role (WB, 2003b). However, this "regret" is very hypocritical. Senegal is not alone in this situation: it is a general pattern, as indicated in an UNCTAD report (UNCTAD, 2002).

The lack of respect for representative institutions and democratic processes on the part of these institutions is illustrated by their intention to request the replacement of the Senegalese Economic and Social Development Plan by the PRSP (WB, 2003b: 9): "Staff noted that Senegal was on its tenth round of preparing a national development plan but given the strong ownership of the PRSP process it was likely that this would replace the longstanding development plans. In its discussions with the authorities the Bank dealt only with the PRSP and the economic and social development plan could perhaps be considered an instrument of the past."

Economic planning in Senegal has been instituted since independence in the early 60s. It is a process that gives rise to comprehensive and participatory consultations throughout the country, a process involving key segments of the Senegalese society, including grassroots organizations at the local level. In its final stages, the Economic and Social Development Plan is debated at length by the National Assembly before its adoption. It is this democratic and open process that the Bank and Fund want to see replaced by their PRSP!

As for the issue of poverty, the "solutions" proposed by the Senegalese PRSP to "reduce poverty" bear a striking similarity to the failed structural adjustment policies. For instance, it says that Senegal needs to implement "sound macroeconomic policies", which means accepting the IMF dogmatic views on inflation and fiscal deficits. In fact, the PRGF arrangement requires even a budget surplus as one of its key conditions!

But the following quote better summarizes the neo-liberal influence that permeates the whole document (Senegal 2003b: 24)

"In this respect, an important objective of the poverty reduction strategy will be to establish a climate conducive to private investment. In addition to sound macroeconomic policies that will be into effect, it will be necessary to extend reforms to a larger group of fields, including privatizations, the asset markets, foreign trade, the financial and the labor markets...and the fiscal and judicial system in order to improve investment quality."

This is not surprising at all. The UNCTAD survey of 27 African PRSPs - including that of Senegal - has underlined the fact that all governments tend to put into these documents recommendations that they know are consistent with IFIs' policies (UNCTAD, 2002). Most of these recommendations are against the interests of the poor. But African governments are more interested in complying with orthodox policies in order to win approval of the Boards of the IMF and World Bank than in defending the interests of their citizens.

Box 2. PRSP: A transparent & Participatory Process?

According to the Senegalese government, the drafting of the PRSP followed a comprehensive participatory process. It is true that civil society organizations have participated in the National Seminar that validated the terms of reference of the PRSP, in June 2001. But as many of these organizations feared, their participation was a token presence aimed to give credibility to IFIs' claims of 'national consensus' built around the PRSP. But more importantly, CSOs' participation was used to restore some legitimacy to discredited policies and improve the image of the Fund and the Bank. CSOs did not play any real role in drafting the PRSP. This was mainly the work of a Technical Committee formed at the Ministry of Economy and Finance, assisted by IMF and World Bank Staff. Therefore, civil society organizations had no real input into the content of the first draft. Furthermore, the critiques and suggestions they made during discussions of the first draft were not taken into account in the final document, which rather reflected the main policy options consistent with the IMF & World Bank agenda. This is one of the reasons why civil society organizations refused to endorse the PRSP. However, they decided to participate in monitoring its implementation.

2.1.3 The Policy Conditionalities of the PRSP

The PRSP lack of national ownership is further illustrated by the Letter of Intent (Senegal, 2003), sent to the IMF Managing Director by the Senegalese government, which spelt out the macroeconomic and structural policies it intends to implement in conformity with the neo-liberal orthodoxy. According to the Senegalese Minister of Economy and Finance, the Letter and the Memorandum of Economic and Financial Data were drafted with "the help of IMF Staff"! (Republic of Senegal, 2003)

This explains, among other things, why in those documents, the Senegalese government promised more sweeping trade and financial liberalization and privatization of the remaining State-owned enterprises and a further roll back of the State. It is in that context that the Senegalese government was forced to liberalize the marketing of the groundnut production in November 2001. This decision led to chaos in the groundnut basin, with massive income losses, provoking a quasi-state of starvation, not only in the groundnut basin, but also in other areas where economic activities were closely linked to groundnut production and processing. Were it not for the emergency relief program put in place by the government, the consequences would have been catastrophic. That liberalization, "imposed and precipitated" by the IFIs, in the words of the former Senegalese Minister of Agriculture, resulted in a strong contraction of economic growth in 2002, with a loss in GDP estimated at \$200 million (Dembele, 2003a).

Other macroeconomic and structural reforms included the privatization of the State-run pension fund (Fonds National De Retraite), the semi-privatization of hospitals, which will make access to affordable health care even more difficult for poor families and low-income groups. This has contributed to the return of diseases that were supposed to have been eliminated, like cholera which killed hundreds of citizens in 2004 and 2005. The semi-privatization of hospitals will also make the reduction of maternal and infant mortality even more difficult to achieve.

The conditionalities attached to the PRSP are against the interests of the poor and even of the average Senegalese citizen. Yet, their implementation was a sine qua non to reach the Completion Point, as stressed in a World Bank document "The successful completion of structural reforms is a Completion Point trigger" (WB, 2003b: 9).

In other words, promises of "debt relief" to finance "poverty reduction" depend on Senegal implementing more privatization, more trade and investment liberalization and more deregulation, all of which contribute to spreading poverty.

These conditions were clearly spelt out in the PRGF program negotiated with the IMF (IMF, 2003: 15, Box 3) and the World Bank Country Assistance Strategy (WB, 2003a). These conditionalities were:

- 1) Governance and transparency of public expenditure management
- 2) Reform of the parastatal sector, such as:
 - a) Privatization of the groundnut processing company, SONACOS
 - b) Concession for an Independent Power Producer (IPP) in the energy sector
 - c) Reform of the electricity utility, SENELEC, with the view to privatizing it
- 3) Reform of the national pension scheme (Fonds National de Retraite)

Because of difficulties in complying with these conditions, Senegal's Completion Point was delayed twice. Originally, Senegal was supposed to reach the Completion Point at the end of 2001. Then, it was expected to reach the Completion Point by mid-2003. Finally, the Completion Point was reached in April 2004. In between, it had sold off or put on sale some of the remaining state-owned enterprises (SOEs), promised to privatize again the electricity utility, SENELEC, and undertook institutional reforms aimed at eliminating "corruption" and improving "governance". A Ministry of "Good Governance" was even created in May 2004!

However, even after reaching the Completion Point, Senegal is still required to complete its previous commitments and undertake more structural reforms. The agricultural sector saw the eruption of controversy around the forced privatization of SONACOS. The controversy erupted because associations of producers and agricultural experts believed that the privatization was not the best solution to deal with the crisis experienced by the company. Secondly, the privatization was not transparent, as illustrated by complaints by other bidders. Thirdly, the company was sold under its market value. Fourthly, short-term fiscal considerations prevailed over long-term development objectives and for that reason, the government and development partners did not take into account all the implications of the privatization for the groundnut sector that is the leading sector of the Senegalese agriculture. It still rages on in 2005. For one thing, many experts claim that the privatization process was a fiasco which harmed Senegal's interests (Ndaw, 2005), because the government was under pressure from the World Bank to privatize at any price, for fear of another failure after the two previous attempts. Secondly, the leading peasant organizations claimed that the privatization of SONACOS would lead to the demise of the groundnut sector.

But the controversy surrounding SONACOS privatization took a new turn after a public attack by the World Bank's Resident Representative against a measure aimed at protecting the domestic market from a surge in the imports of cooking oil to the detriment to cooking oil made by the company. In December 2005, the government had decided to institute a tax of 25% on imports of refined palm oil and of 15% on imports of refined vegetable oils (soybean, colza and sunflower). The Bank Representative threatened the government with a possible lawsuit if it does not rescind the measure! Finally, the government backed down and decided to scrap the 15% tax, while maintaining only the tax on palm oil for 200 days (Sud Quotidien, March 7, 2006: 4).

The Bank Representative's attack was a kind of follow up to IMF's own demand, made in January 2006 in a press release: "The authorities should consider rescinding the new regressive tax aimed at protecting the recently privatized groundnut company, SONACOS, from foreign competition." (IMF, 2006).

These demands from the Bank and the Fund are just another illustration of the duplicity and hypocrisy that characterize their policies toward Senegal and the rest of Africa. In their rhetoric for public consumption, they make believe that they are interested in "poverty reduction", while in reality they keep enforcing policies that just lead to the opposite by destroying domestic livelihoods, increasing job losses and worsening poverty. In reality, the PRSPs have little to do with 'poverty reduction', but seek to rehabilitate failed neo-liberal policies, using the issue of poverty as a smokescreen (Dembele, 2003b).

3.0 Senegal and the MDGs: National Context

In those circumstances, what are the chances for Senegal to achieve the MDGs? Indeed, very little. In 2002, Senegal was among the eight countries selected by the United Nations General Secretary to benefit from the Millennium Project. The objective of that Project was to estimate the resources that are necessary to achieve the MDGs within the time frame of 2015 and make recommendations on the more effective strategies to achieve them. Professor Jeffrey Sachs, who coordinates the Project, visited Senegal several times; the last visit was in January 2006. According to people involved in monitoring the MDGs, the Project provided resources and expertise to help promote the MDGs.

There are strong arguments that Senegal, like most African countries, will not attain the MDGs unless the following conditions are met:

- 1) Removing constraints on Senegal's freedom in designing its policies, notably the IFIs' conditionalities;
- 2) the cancellation of the country's debt without external conditions;
- 3) fulfilling commitments by development partners - financial and otherwise.- on a timely basis;
- 4) establishing a genuine partnership between government, private sector and civil society organizations. If these conditions are met, they would greatly enhance the likelihood of achieving some of the MDGs even before 2015 and making good progress on others.

It is in that context that Senegal undertook in 2003 to publish its third report on the implementation of the MDGs. It is with this report that the process of ownership of the MDGs started, with a series of consultations between the government and the other actors, such as civil society organizations, trade unions, the private sector and grassroots communities. This process led to drafting a national report on the MDGs in May 2003, which revealed that Senegal was lagging way behind in achieving the MDGs by 2015 and that it was urgent to formulate a national strategy.

Recently, the government has unveiled a new development strategy, called Accelerated Growth Strategy (AGS), which puts agriculture at its center. Its objectives include an annual average growth rate of 7-8%; a doubling of the GDP in 10 years and achieving a per capita income of \$1,400 in 15 years (Senegal, 2005a). However, the success of the strategy is based on attracting more foreign investments by liberalizing even more.

But the current policies of low income tax for corporations aimed at 'attracting foreign investments' have failed and aggravated the country's debt crisis. In fact, foreign investments to Senegal in the 1980s and 1990s came as a result of privatization. In 1997 and 1999, investments recorded in Senegal stood at respectively \$176 million and \$142 million, corresponding to the privatization of SONATEL (telecommunications) and SENELEC (electricity utility), respectively (Ndaw, 2005).

Since then, the level of foreign investments has been much lower. For instance, in 2004, Senegal attracted only \$70 million in new foreign investments, far behind Cote d'Ivoire (\$360 million) and Mali (\$180 million). Even though this sum was higher than the \$53 million recorded in 2003, it was far lower than the figures recorded in the 1990s. This shows that significant foreign investments are mainly associated with privatization, not with new investments, except for a few sectors, like crude oil and mining. Since the end of large-scale privatization in Senegal, there have been little foreign investments, as confirmed by the UNCTAD study on FDIs (UNCTAD, 2005).

In light of this, it makes no sense for a least developed country, with an unbearable external debt, to have one of the lowest income tax rates, with the decision made in 2005 by the President to bring the corporate income tax rate to 25% from 33%! This decision, hailed by the IMF and the World Bank as one may expect, may deprive the Treasury of at least \$30 million a year (Mbengue, 2005).

Within the PRSP framework, extreme poverty is defined from two angles:

- 1) the inability to satisfy one's basic needs in food;
- 2) the lack of access to essential social services.

Food related poverty is based on a basket composed of 26 products, whose daily equivalent in energy is 2400 calories. Non-food related poverty is defined by the lack of access to drinking water, sanitation, basic healthcare and education.

It is assumed that a person who cannot afford the minimal consumption standard of 2400 calories per adult equivalent per day is considered as poor. One of the indicators of extreme poverty is the median spending of the poor, believed to be more representative than the average spending. Groups that are identified to be in extreme poverty are vulnerable groups, such as women, children, youth, the elderly and the handicapped. However, among these groups, the most exposed to extreme poverty are orphans, prostitutes, and unemployed young women and divorced women.

Table 2: Targets & indicators of Goal 1

Goal 1	Targets	Indicators
Eliminate extreme poverty & hunger	Target 1 : reduce by 50% between 1990 & 2015 the number of people with income of less than one dollar per day	1. Number of people living on less than a dollar a day; 2. Poverty gap ratio (incidence x depth of poverty) 3. share of the poorest quintile of the population in national consumption.
Eliminate extreme poverty & hunger	Target 2 : reduce by 50% the number of people suffering from hunger	4. percentage of children under 5 who are underweight ; 5. number of people below minimal level of calorie consumption.

The monetary measurement of poverty defined by Target 1 makes little sense in the context of Senegal. For instance, the 1994/1995 Household Survey had revealed that almost 76% of the Senegalese households, or nearly 80% of Senegalese citizens, spent less than one dollar a day. Therefore, if this measurement was retained, that would mean that 8 out of 10 Senegalese lived in poverty in 1994/1995, which was not the case.

This is why the indicator of Target 2 using the minimal calorie consumption corresponds better to the definition of poverty used in household surveys in Senegal. Statistics show that children are the primary victims of hunger and malnutrition, as illustrated by findings of a recent national survey (Senegal, 2005c: 11):

- 21.8 % of children aged 6 to 59 months are underweight. Furthermore, 23.3 % of children in that category experience growth problems: they are small relative to their age
- 9.2 % of children under 5 suffer from acute malnutrition. The situation is even more serious for children between 6 and 35 months, with a rate of prevalence of 11.8 %;

In the mid-1990s, Senegal initiated a series of plans and programs aimed at poverty reduction. In 1997, the government set up the National Program Against Poverty. Sectoral programs in health, education, water and nutrition complemented this Program. But all these programs had no real impact as the country's human development indicators continued to deteriorate. The program did not work for several reasons. First, there were some inconsistencies between national and sectoral objectives. Secondly, the program depended too much on external sources of financing. Thirdly, there was not a coherent follow up policy. But most of all, the policies dictated by the IMF and the World Bank hampered Senegal's efforts at pursuing its own priorities

3.1 Linking MDGs and the PRSP

The strategy to achieve the MDGs is aligned with the PRSP. Since 2002 the PRSP has become the general framework within which sectoral development plans and investment programs should be formulated. These sectoral programs are considered as instruments of implementation of the PRSP. Therefore, the PRSP has been made the operational framework for all development 'assistance' by developed countries and multilateral institutions.

Accordingly, the Senegalese government has asked its foreign partners to align their assistance with the PRSP targets and formulate their programs around the PRSP framework. And since 2003 the government has translated the PRSP into its annual budgets and into its three-year public investment plan. In other words, funds allocated for poverty reduction are integrated into the budget process. As a result, the PRSP has become the operational framework of the MDGs (Table 3)

Table 3: PRSP Projections for Achieving the MDGs

Indicator	MDG 2015	PRSP reference year 2001	PRSP Projections 2005	PRSP Projections 2010	PRSP Projections 2015
Eradicate extreme poverty. People living under poverty line	27%	54%	45%	35%	25%
Prevalence of underweight children	10%	19%	19%	5%	3%
Universal primary education. Net primary enrollment	100%	70%	80%	95%	98%
Gender equality. Ratio of girls to boys in primary & secondary school	1.00	0.88	0.90	1.00	1.00
Reduce child mortality. Under 5 mortality rate (for 1,000)	32	98	85	75	50
Infant mortality rate (for 1,000 live births)	20	60	50	40	30
Improving maternal health. Maternal mortality (100,000 births)	127.50	510	410	300	200
Fighting HIV/AIDS, malaria & other diseases. 1) HIV/AIDS prevalence		1.4%	1-2%	1-2%	1-2%
2) Morbidity due to malaria		25%	10%	5%	1%
Environmental sustainability. Access to improved water (urban population)		93%	100%	100%	100%
Access to improved water (rural population)		83%	95%	100%	100%

Source: Senegal (2002), Annex 4, page 65

This table is based on a scenario of high growth rates between 2003 and 2015. However, these rates are not realistic because they are not consistent with historical trend. Actually, between 2003 and 2005, the average growth rate of about 5% is lower than the 7 to 8% average projected. Between 1996 and 2002, the average annual growth was even lower with 4%. In light of this, achievement of the MDGs is even more problematic.

There are growing doubts that even with high growth rates, Senegal will be able to bring the number of people in extreme poverty under the 30% level in 2015. In fact, the World Bank claims that to reach the required goal shown above, Senegal needs to achieve an average per capita growth of 3.2% a year between 2003 and 2015. Otherwise, the poverty line cannot fall under 35% in 2015 (WB, 2003a). This seems to be corroborated by other sources, according to which, to achieve the MDGs by 2015, Senegal needs to record an average real growth rate of 6.3% and a per capita growth rate of 3.7% per annum (Senegal, 2005b).

Pessimism in achieving the MDGs is reinforced by their alignment with the PRSP. Given the great influence of the Bank and the Fund on poor countries' policies, there is a risk to see the responsibility for achieving the MDGs left to the IMF and World Bank. In Senegal, that seems to be the case. This is why the leading role of market forces in 'poverty reduction', as promoted by these institutions, is being legitimized, with the elevation of the private sector as an "engine of growth" and principal source for "poverty reduction".

3.2 Financing the MDGs

The influence of the IMF and World Bank on Senegal's policies has undoubtedly affected the pace and level of financial flows to the country. Even after 'graduation' from the HIPC Initiative, Senegal is still subjected to the control of these institutions, whose views are the basis for financial assistance from most 'donors'. This is why financial flows to fund the MDGs seem to be predicated on Senegal implementing IMF and World Bank conditionalities in connection with the PRSP rather than on achieving its development goals.

For this reason, the estimated resources required to achieve the MDGs (Table 4) may not be obtained.

This pessimism is based on two observations. Since 1990, there has been a declining trend of official development assistance (ODA) to Senegal. It fell from more than \$800 million in 1990 to \$450 million in 2003. Between 2000 and 2004, it averaged \$435 million a year, compared to an average of \$745 million between 1990 and 1999 (Senegal, 2005c: 91). The second observation is the low level of absorption of bilateral and multilateral credits, which averaged 65% between 2000 and 2004, except in 2002, when it reached its highest level with 82% (Senegal, 2005c: 76). This low level of absorption has more to do with complex and overlapping requirements from creditors than with Senegal's capacity to use borrowed funds (Diaw, 2006).

In light of this, it is unlikely that Senegal will get a substantial increase in Official Development Assistance (ODA). Since the bulk of funding for the MDGs is expected from these sources, this realization reinforces pessimism about the possibility of achieving several of the goals by 2015 and even beyond.

Table 4: Estimated financial needs for the MDGs (1)

Goal	Financial needs 2005-2015 (\$ million)
Eliminate extreme poverty (Ensuring food security)	1,412.5 (1,186.5)
Universal primary education	337
Gender equality	n.a
Health	4,125.2
- Reducing under 5 mortality	351
- Improve maternal health	194
- HIV/AIDS	248.6
- Malaria	276.8
- Tuberculoses	173.1
- Infrastructures & salaries	2,889.4
Improving access to drinking water & sanitation	949
Promoting sustainable environment	1,714
Infrastructures	1,285
Nutrition	534.7
Total	10,020.4

Source: Ministry of Planning and Sustainable Development. Directorate of Planning. The table is based on estimates made by the sectoral working groups.

In summary, at current pace of implementation, level of growth and funding and based on discussions with people involved in monitoring the MDGs and the PRSP, Senegal's chances to achieve the MDGs look like this.

Goal 1. Eradicate extreme poverty and hunger. None of its targets will be achieved, without a significant contribution from the agricultural sector and income redistribution, even if all the financial requirements are met.

Goal 2. Achieve universal primary education. This goal is likely to be achieved, thanks to the conjunction of three factors. In 2000, the government launched a 10-Year Program for Education and Training, which seems to be on the right track. Then, there is the UN Agenda of Education for All and now the MDGs.

Goal 3. Promote gender equality and empower women. None of its targets will be achieved, in large part because of a gap between the rhetoric and actual policies.

Goal 4. Reduce child mortality. This goal will not be achieved, even beyond 2015. For one thing, the Senegalese health system is in crisis. Secondly, there is a huge gap between resources required (\$30 million a year) and what is already available (less than \$3 million).

Goal 5. Improve maternal health. Even under the best case scenario, Senegal would not be able to achieve any of its targets. Even its target of 480 in 2015 is doubtful.

Goal 6. Combat HIV/AIDS, malaria and other diseases. Senegal may maintain a level of HIV/AIDS infection of less than or around 2%. However, for malaria, tuberculosis and other diseases, the targets will not be achieved.

Goal 7. Ensure environmental sustainability. Except for access to safe drinking water in urban areas, none of the other targets of this goal will be achieved.

Box 3

Institutional structure for the MDGs To follow up on the implementation of the MDGs and allow a participatory and inclusive process, on the recommendation of the Millennium Project, Senegal established in 2002 a permanent structure, called Steering Committee. All national actors -government; civil society; private sector- as well as bilateral and multilateral partners- take part in its activities. The Steering Committee is organized as follows:

- 1) National Secretariat, under the responsibility of the Directorate of Planning.
- 2) Regional Operational Committees, chaired by the Governors of the different regions.
- 3) Sectoral Technical Groups (STG), each chaired by the Ministry in charge of the specific sector or sectors dealt with by the Group. There are 8 such STGs and each is expected to issue an annual report. Some of these Reports are eventually presented and discussed at national workshops with the participation of members of the Steering Committee.

The financial estimates indicated in Table 4 are the work of these Groups. The Groups are coordinated by the Secretariat of the Steering Committee. At the national level as well as in the regions, all national actors take part in the work of these Groups. They allow a permanent interaction between the government, the private sector and the different representatives of civil society organizations, such as NGOs, grassroots associations, trade unions, women's organizations, youth organizations and so forth.

3.3 Role of Civil Society Organizations

Overall, Senegalese CSOs have played a little role in the formulation and implementation of both the PRSP and the MDGs. As indicated earlier, they had no influence on the preparatory process of the first PRSP document. However, some of these organizations are monitoring the implementation of the policies associated with the PRSP. They participate in the informal institutional structure put in place by the government, whose mission is to monitor and assess the progress of implementation.

In the MDGs, CSOs were involved more systematically after the establishment of the Steering Committee (Box 4). Since 2003, some of them have contributed to the annual reports issued by the Committee. Trade unions, working on education issues and women's organizations, have been particularly active.

The Steering Committee and its working groups offer a good opportunity to CSOs to raise critical issues and challenge both the government and partners to fulfill their commitments. The Working Groups also provide a good space for a constructive dialogue between CSOs, government and the private sector that would help build national consensus aimed at challenging partners' interference in the country's sovereign right to decide on its development priorities

But for this to happen, CSOs should overcome two handicaps that have limited their influence and contribution. The first factor is the lack of expertise on most of the issues debated in the PRSP and MDGs. This has to do with weak capacities of most many civil society organizations. For this reason, their representatives present themselves as service providers rather than as people able to make substantive contributions to the debates. The second factor is the split that occurred three years ago among CSOs. Since then, the government and even bilateral and multilateral partners have tried to play these groups against each other. As a result, CSOs have a problem of credibility, both in terms of real expertise and representativeness.

4.0 Recommendations

A number of key actions need to be taken by the various stakeholders if MDGs are to be attained in Senegal.

4.1 For the Government

1. Move to genuine national development policies

Neither the MDGs nor the PRSPs constitute development policies. They are ad hoc measures aimed at alleviating the extreme poverty affecting some segments of the Senegalese society. A policy aimed at poverty eradication must be part of a long-term development strategy, a holistic approach to economic and social development, with a clear agenda for wealth redistribution and a vigorous fight against income inequalities and gender disparities. Such an agenda requires an active State in economic and social development, not a State on the sidelines leaving poverty reduction to market forces.

2. Promote a different agricultural policy

One area where the government needs to initiative a different policy is the primary sector. This sector, especially agriculture, is the main basis for long-term economic and social development, therefore the main source for poverty eradication. Since poverty is concentrated in rural areas, which employs 56% of the workforce and where 60% of the Senegalese population lives, it is obvious that without a strong contribution of the primary sector to economic growth, there will be no poverty reduction.

The government should heed calls from Senegalese farmers and the network of West African producers and farmers (ROPPA) who have proposed agricultural policies that could lead to self-sufficiency in many products and to a lower external dependence on food. This is the only sensible alternative if poverty reduction is the main concern of both the government and foreign partners.

3. Protect the domestic market

Senegal must protect some of its most sensitive sectors that are under great threat from unfair competition.

As many producer organizations have claimed, the government must put the interests of its people first, not compliance with absurd and unacceptable conditionalities that contribute to deepening the country's economic and social crisis. The government has begun to heed those calls and has taken measures to protect some of the sectors named above. It must continue on that road, despite the heavy pressure from the IMF and World Bank.

4. Stop the privatization of essential services

Likewise, the government must heed calls to stop the privatization of essential services. Indeed, a genuine policy aimed at poverty eradication is incompatible with the privatization of water, electricity, health and education. Keeping those services in public and community hands would be the best way to reduce poverty by making them available to poor people. The government must at the very least mark a pause and assess the economic and social impact of privatization imposed over the last two decades or so.

5. Eliminate waste and fight corruption

To make its commitment to achieving the other MDGs more credible, the Senegalese government must eliminate waste in public spending and vigorously fight corruption and embezzlement. Many observers believe that the size of the government is too big and this leads to a waste of public money. Reducing the size of the government and eliminating some public institutions, which contribute to wasteful spending, can make significant savings.

Eliminating waste on spending should be combined with a vigorous fight against corruption and embezzlement. The government must prove its real commitment by punishing those involved in corruption scandals or in embezzling public money.

This would make the discourse on 'poverty reduction' credible in the eyes of public opinion and would certainly contribute to increasing national savings and the country's ability to cover a significant part of its financial needs.

6. Put principal effort on mobilizing domestic savings

Excessive dependence on external sources is a big handicap in achieving the MDGs. One way to overcome this is for Senegal to increase its contribution to financing the MDGs. This means that the government must put its principal effort in mobilizing domestic savings - both public and private.

In that regard, it must contemplate increasing taxation on corporate income, instead of relying on the value-added tax (VAT), which brings about 70% of tax revenues in Senegal. But this tax contributes to increasing poverty and a genuine commitment to poverty reduction must contemplate removing it, at least on staple items and basic services.

7. Attract resources from the Senegalese Diaspora

While the Senegalese government is making every effort to increase its dependence on foreign sources, it is neglecting a precious source, which comes with no strings attached: remittances from Senegalese citizens living abroad. Statistics provided by the Central Bank show that every year, these remittances average \$600 million - almost ten times the amount of FDIs in 2004! - This is even an underestimate of the level of remittances, since a significant part goes through informal channels not recorded by official statistics (Mbengue, 2006).

8. Demand immediate debt cancellation

Senegal will save on its debt service as a result of its 'graduation' from the HIPC Initiative and the G8 decision. But it will continue to service its debt, sending precious resources to rich countries, especially to the World Bank and any amount of 'debt relief' will be subtracted from 'development assistance'. In total, Senegal will not gain much from current debt schemes from 'creditors'. What it needs is the unconditional and total cancellation of its debt in order to retain the totality of debt service to invest in its development.

4.2 For Western countries, UN Agencies and IFIs

1. Coherence and better coordination of cooperation policies

First and foremost, these countries and institutions must find coherence between their policies toward Senegal. The MDGs provide the framework that allows the coordination of their policies and avoid duplication that could breed inefficiency and waste. Therefore, a simplification of disbursement procedures and a better coordination of policies may help in improving the speed and effectiveness of official assistance.

2. Fulfill commitments made in Goal 8

They must fulfill all their commitments made within Goal 8, the Global Partnership for Development. If Senegal is to make progress on the road to the MDGs, partners must not only fully deliver on their commitments but also do it in a speedy and timely manner.

In particular, Senegal must fully benefit from commitments made by western countries and multilateral institutions to the Least Developed Countries (LDCs), in terms of duty-free market access, non-reciprocal industrial tariff reduction, special and differential treatment, within the Doha Development Round.

3. Remove all IMF and World Bank conditionalities

Another important recommendation for the 'international community' is fulfilling their commitments by taking Senegal development priorities as the basic framework, not make them conditional on IMF and World Bank 'advice'. Achieving the MDGs must be the only guiding principle. For this to happen, the influence of these institutions on the funding process should be removed by making the MDGs the general framework through which partners, not the PRSP, deliver aid.

4. Cancel all bilateral and multilateral debts

One way of increasing resources to fund the MDGs is immediate and unconditional cancellation of the country's external public debt - bilateral and multilateral. The current HIPC framework is still based on the logic of 'debt sustainability'. In addition, it is laden with unacceptable conditionalities that will offset any potential benefits attached to 'debt relief'. Therefore, the HIPC framework does not address Senegal development priorities.

5. Contribute to curbing capital flight and repatriation of stolen wealth

Numerous reports by UN agencies and the Blair Commission have underlined the extent of capital flight in sub-Saharan Africa, including Senegal. Development partners can contribute to curbing that flight by enacting laws that prohibit their financial institutions from accepting deposits from Presidents, Prime Ministers and other high officials. They could also prosecute banks and financial institutions that accept those deposits or making it possible for African citizens to sue those banks and financial institutions. In connection with curbing capital flight, western countries should assist in the repatriation of stolen wealth. .

6. Stop imposing 'free trade' agreements, like EPAs and AGOA

Development partners, especially the EU and USA, have a great opportunity to demonstrate their sincere commitment to the MDGs by not forcing Senegal to sign 'free trade' agreements, which contribute to the collapse of its industries and the spread of poverty as a result of massive job and income losses. In this regard, a test of sincerity of the EU and US in achieving the MDGs would be to accept renegotiating the EPAs and AGOA to make them consistent with Senegal's development agenda, not its compliance with WTO rules or "free trade" orthodoxy.

4.3 For Civil Society Organizations (CSOs)

1. Restore credibility and have a clear agenda

First and foremost, Senegalese CSOs should put their own house in order. To restore their credibility requires solving internal problems and trying again to speak with one voice through one umbrella group. The current split leads to destructive competition and tends to marginalize them in the development debates, whether on the MDGs or on other policies.

2. Challenge neo-liberal policies

For strong and credible CSOs, the MDGs offer a platform to challenge IMF and World Bank policies, in particular their conditionalities. This is a good instrument to challenge the neo-liberal orientation of the PRSP and bring it into line with the priorities set in the MDGs, not the other way around. Likewise, Senegalese CSOs should use the MDGs to challenge 'free trade' agreements imposed by developed countries and that are detrimental to the objective of poverty reduction. (Diop, 2006).

Furthermore, CSOs should use the MDGs to challenge creditors regarding the country's external debt by showing that cancellation is one of the keys to financing the MDGs with national resources. In addition, cancellation may weaken the influence of the Bank and Fund and give more breathing space to national actors to formulate policies more consistent with national interests and with poor citizens' priorities.

3. Challenge the government

CSOs must challenge the government on a number of issues. First and foremost, they must insist on transparency in spending so that CSOs' representatives can monitor how resources are spent and if they really go to the needy. Transparency may help limit wasteful spending and corruption. These are two other major issues that CSOs should press with the government.

Challenging the government would also mean promoting alternative policies, such as progressive taxation to raise more income on wealthier groups, income redistribution to fight inequalities, protection of the domestic market, etc.

4. Improve capacity and build partnership

To be effective and credible in their role, CSOs should improve their capacity and skills to be up to the tasks and challenges in their relationships with government and partners. This is the only way they could effectively contribute to development debates and to challenging arguments from both government and partners. By improving their knowledge and skills, they will be able to play a more effective role in the implementation of the MDGs. They may also be more credible in making the case to both the government and partners to rely more on national expertise than on foreign consultants.

5.0 Conclusion

It is obvious that Senegal, like other Sub-Saharan African countries, is not likely to achieve most of the MDGs. The greatest obstacle to realizing the MDGs lies in the general environment in which Senegal's development takes place. The intensification of neo-liberal policies, as reflected in IMF and World Bank conditionalities, and their strong influence on Senegal's policies severely limit the breathing space needed to formulate policies that truly reflect national priorities. In addition, the great dependence on external sources makes the achievement of the MDGs even more improbable.

The biggest hurdle to achieving the MDGs has to do with the nature of both the PRSPs and the MDGs. The PRSPs are located within the now discredited 'Washington Consensus', and therefore, they were never intended to be an instrument for poverty reduction. Their real objective is to build a false "national consensus" to support a new version of SAPs and improve the image of the IFIs that had been badly damaged by the devastating consequences of structural adjustment.

The MDGs may be worthwhile goals in themselves, but they are not development instruments. Even with the best of intentions, they cannot achieve much, because they do not challenge the very policies and institutions responsible for the abject poverty affecting Senegal and other African countries.

However, the MDGs may be useful instruments to expose the true nature of the dominant system, with its inequities, power imbalances, hypocrisy and duplicity. Indeed, one cannot "reduce poverty" with the same tools that have generated and spread poverty. One cannot "reduce poverty" by leaving income distribution to market forces and by sidelining the State. Without addressing the issues of inequality and gender discrimination, it is impossible to "reduce poverty". Genuine poverty eradication must be part of a comprehensive development strategy, not ad hoc and short-term measures based on the goodwill of the private sector and external 'donors'.

Senegal may record sustainable growth rates of 5% or more in the next decade or so, but its human development indicators are not likely to significantly improve in the absence of a dramatic reversal of current economic and social policies. In conclusion the best way to eradicate poverty is to promote a genuine development characterized by people-centered policies aimed at economic, social, cultural and political transformation.

6.0 References

- Cadre Intégré (2003). Sénégal: Etude diagnostique de l'intégration commerciale. Rapport final (tome 1). March 12.
- Christian Aid (2005). The Economics of Failure. The Real Costs of "Free Trade" for Poor Countries. A Christian Aid briefing paper. London (June).
- Dembele, Demba Moussa (2005), "Aid Dependence and the MDGs", Alliance Magazine (September)
- (2003a). Debt and Destruction in Senegal. A Study of twenty years of IMF and World Bank policies. London: World Development Movement (October)
- (2003b). PRSP: Poverty Reduction or Poverty Reinforcement? Pambazuka News 136. December 11.
- Diaw, Ibrahima (2006): "Assistance financière au Sénégal. Cette manne mal utilisée ". Walfadjri, April 16-17, page 5.
- Diop, Samba (2006). " Quatrième convention du Roppa. Les paysans rejettent les Ape. " Le Quotidien, April 6, page 4.
- International Monetary Fund (2006). IMF Executive Board Completes Third and Fourth Reviews Under Senegal's PRGF Arrangement and Approves US\$20.0 Million Disbursement. Press Release No. 06/06, Washington, DC (January 10)
- (2003). Senegal: 2002 Article IV Consultation and Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility. IMF Country Report No. 3/167. Washington, DC (June)
- Mbengue, Abdou. R (2006). " Réflexion sur l'argent des émigrés. Ces 300 milliards dont l'économie ne profite pas. " Le Quotidien, April 7, page 4.
- Mbengue, Johnson (2005), "Baisse de l'impôt sur les sociétés en 2006. L'Etat renonce à plus de 15 milliards de francs de recettes. " Walfadjri, June 21, page 5.
- Ndaw, Malick (2006), " Investissements directs étrangers au Sénégal : ça se dégrade. " Sud Quotidien, February 6, page 4.
- (2005). "Situation délétère à la SONACOs. Echec cuisant d'une privatisation mal huilée ". Sud Quotidien, October 24, page 6
- Republic of Senegal (2005a). Letter of Intent and Memorandum of Economic and Financial Policies. Dakar (December 29)
- (2005b). DSRP II. Rapport provisoire 1. Dakar (December)
- (2005c). Suivi des Objectifs du Millénaire pour le Développement. Rapport de synthèse. Dakar: Directorate of Planning (September).
- (2003). Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding. Dakar (April 10)
- (2002a). Poverty Reduction Strategy Paper (PRSP). Preparation Status Report. Technical Committee. Dakar (April 4)
- (2002b). Document de Stratégie de Réduction de la Pauvreté. Dakar (Avril)
- Sud Quotidien (2006), "Face au chantage de la Banque mondiale sur la taxe de sauvegarde, l'Etat recule et livre la SONACOS ", March 7, page 4.
- UNCTAD (2005): Economic development in Africa. Rethinking the role of foreign direct investments. New York and Geneva: United Nations
- (2004). Economic development in Africa. Debt sustainability: oasis or mirage? New York & Geneva: United Nations.

------(2002). Economic development in Africa. From adjustment to poverty reduction: what is new? New York & Geneva: United Nations.

UNDP (2001). Rapport national sur le développement humain au Sénégal. Gouvernance et développement humain. Dakar: Bureau du PNUD.

World Bank (2006a). African Development Indicators 2005. Washington, DC: The World Bank.

------(2006b). World Bank Approves US\$37 billion For Multilateral Debt Relief Initiative. Full Debt Cancellation Will Be Provided to Some of the World's Poorest Countries Over 40 Years. Washington, DC (March 28)

------(2003a). Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy for the Republic of Senegal. Report no. 25498-E. Washington, DC (March 5).

------(2003b). Senegal: Poverty Reduction Strategy Paper and Joint IDA-IMF Staff Assessment of the PRSP. Washington, DC (January 17)

------(2000). Senegal To Receive US\$800 Million in Debt Relief: World Bank and IMF Support Debt Relief Under the Enhanced HIPC Initiative. Washington, DC: News Release no.2000/449/S (June 23)

7.0 Appendix 1: Terms of Reference (With reference to Senegal)

- i) Ascertain the extent to which MDGs and PRSPs have become rallying points for national development. How have MDGs been integrated in national policy, planning and budget processes?
- ii) Assess the extent to which the relationship between the PRSP and MDGs within the national context has been shaped and how/to what extent has the PRSP taken the MDGs into consideration? Is the PRSP supporting or undermining the MDG agenda?
- iii) Ascertain the role of the World Bank and International Monetary Fund in the MDGs agenda. Given the macro economic policy influence of Bank and Fund - has their advice influenced flow of resources for the MDGs (either positively or negatively)?
- iv) Determine whether there is a coherent MDG message and programme of support from multi lateral agencies. Is there donor emphasis on particular goals and if, yes, is this consistent with national priorities? Does the MDG/ Millennium Declaration agenda present any opportunities or challenges to moving forward on national priorities? Is the country demonstrating good practice in engendering national ownership of the MDGs? If yes, describe the process by which this was done, including any supporting institutional arrangements.
- v) Determine whether MDGs have afforded better partnership between national stakeholders than the PRSPs. Of importance here is to assess the extent to which governments have been able to engage CSOs and the private sector in shaping the development agenda after the PRSPs experience. To what extent have the MDGs been a tool for raising awareness, developing consensus and alliance building around national development/poverty eradication?
- vi) Discuss and critically analyze the extent to which the scope for CSOs to play a broader role in delivering the MDGs and PRSPs has been enlarged. Focus here lies to the examining the extent CSOs have been engaged in policies, actions, and even in institutional arrangements for this to happen. What has the relationship between the PRSP and the MDGs meant for the work and role of CSOs?
- vii) Give recommendations on how the international community, national governments and other stakeholders should handle the PRSPs and MDGs as tools for development in Africa.

