
COUNTRY REPORT

Senegal
The Gambia
Mauritania

May 2000

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The Economist Intelligence Unit

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Symbols for tables

"n/a" means not available; "-" means not applicable

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May 15th 2000 **Summary**

May 2000

Senegal

- Outlook for 2000-01** The change of president has ushered in a period of profound political change, with the new incumbent proposing to weaken the power of a highly centralised executive to the advantage of the legislature. The Parti socialiste (PS), still dominant in the Assemblée nationale, will suffer recrimination over its defeat in the presidential poll. Existing economic policy will be maintained, with greater stress on job creation. The rate of GDP growth is expected to pick up slightly, as the shortfall in electricity supply is tackled, to 5.7% in 2000 and 6% in 2001.
- The political scene** Abdoulaye Wade easily won the second round of the presidential election on March 19th. He has appointed Moustapha Niasse, a recent defector from the ruling PS, as prime minister. The new government plans an early legislative election and a referendum on a new constitution. Defeat has set off fierce infighting in the PS. The new president has given priority to a peace settlement in Casamance, but the ceasefire reached last December remains fragile.
- Economic policy** Mr Wade has identified social welfare and job creation as priorities, but has also reassured the business community of his determination to stimulate investment. The privatisation of Air Senegal was completed in January.
- The domestic economy** Farmers have called on the new government to cancel their debt arrears to the parastatals. Groundnut production is expected to rise by 40% in the current season. The cotton crop is predicted to double this year, but will remain below earlier levels.
- Foreign trade and payments** Relations with the donor institutions will remain co-operative. The World Bank has agreed to lend US\$50m to support education.

The Gambia

- Outlook for 2000-01** The domestic political scene has been uncertain in recent months, and this is likely to continue, with local elections scheduled for this year and a presidential election for next. The president is still dependent on military support, but he will be keen to maintain the appearance of democratic legality to keep international donors on his side. Assuming reasonable weather, GDP growth should be maintained at 4-5% a year.
- The political scene** Local elections have been announced for mid-November. The opposition UDP has nominated a presidential candidate who poses a credible threat to President Jammeh. April saw violent student demonstrations against the

military, when 14 students were killed by security forces. The government is still determined to raise the international standing of the regime.

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| Economic policy and the economy | There is still no solution to the groundnut marketing crisis. The South African power utility plans to invest in generating capacity. |
| Foreign trade and payments | The ADB has announced aid for community skills improvement. The external debt rose by 10% in 1998. |

Mauritania

| | |
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| Outlook for 2000-01 | The government will try to induce the opposition to participate in a legislative election in 2001, but the opposition has set its demands high and is unlikely to be won over. Foreign relations with the Arab world should gradually warm after the shock of Mauritania's diplomatic recognition of Israel, but contacts with France will be overshadowed in the short term by the Ould Dah case—Captain Ould Dah skipped bail in France, and received a warm welcome in Mauritania. GDP growth this year will be boosted by the much improved cereals crop. |
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| The political scene | The president invited ex-president Ould Daddah to return from self-imposed exile. The senatorial election in March produced the expected victory for most candidates from the ruling party. Independent trade union leaders sought refuge from government "harassment" with the UNDP office. Census preparation has begun. Links have been forged between the Israeli and Mauritanian legislatures. |
|---------------------|---|

| | |
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| Economic policy and the economy | The privatisation of Air Mauritanie has begun. The civil service has received a pay rise. A new fisheries code is due to be published. The formerly state-owned fish marketing company has lost its monopoly on negotiating foreign sales. Rex Mining has made large claims for recent diamond finds. Mauritania hopes to be selected for malaria vaccine trials. |
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| Foreign trade and payments | The debt relief accorded by the Paris Club falls below Mauritania's hopes. Spain and Germany have approved small aid grants. |
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Senegal

Political structure

| | | |
|---|---|------------------------------|
| Official name | République du Sénégal | |
| Form of state | Unitary republic | |
| Legal system | Based on the Napoleonic Code and the 1963 constitution | |
| National legislature | National Assembly, with 140 members elected by universal suffrage on a mixed first-past-the-post (70 seats) and proportional representation (70 seats) system; all serve a five-year term. A second chamber of parliament, the Senate, was established in 1998, with 48 seats selected by an electoral college and 12 seats allocated by the president | |
| Head of state | President, elected by universal suffrage, serves a seven-year term of office and may stand for re-election | |
| National elections | May 1998 (legislative), March 2000 (presidential); next legislative election has yet to be scheduled—possibly 2001 | |
| National government | The president and his Council of Ministers; last major cabinet reshuffle April 2000 | |
| Main political parties | Parti socialiste (PS, the dominant party in the National Assembly); Parti démocratique sénégalais (PDS, the president's party); Parti de l'indépendance et du travail (PIT); Ligue démocratique-Mouvement pour le parti du travail (LD-MPT); And-jéf/Parti africain pour la démocratie et le socialisme (AJ/PADS); Convention des démocrates et des patriotes-Garab Gi (CDP-Garab Gi); Parti libéral sénégalais (PLS); Union pour le renouveau démocratique (URD) | |
| | President | Abdoulaye Wade |
| | Prime minister | Moustapha Niasse |
| Ministers of state | Agriculture & livestock | Pape Diouf |
| | Armed forces | Youga Sambou |
| | Civil service, labour & employment | Yéro Deh |
| | Communications & culture | Mamadou Diop Decroix |
| | Economy & finance | Moctar Diop |
| | Education, primary | Marie Lucienne Tissa Mbengue |
| | Education, higher | Madior Diouf |
| | Energy & water works | Abdoulaye Bathily |
| | Environment | Mamadou Lamine Ba |
| | Family & national solidarity | Aminata Tall |
| | Foreign affairs & Senegalese abroad | Cheikh Tidiane Gadio |
| | Fisheries | Oumar Sarr |
| | Health | Abdou Fall |
| | Industry, crafts & mines | Landing Savané |
| | Interior | Mamadou Niang |
| | Justice & keeper of seals | Mame Madior Boye |
| | Planning | Oumar Khassimou Dia |
| | Tourism | Ndiawar Touré |
| | Trade | Khoureyssi Thiam |
| | Urban planning & housing | Amath Dansokho |
| Governor of the regional central bank (BCEAO) | Charles Konan Banny | |

Economic structure

Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999 ^a |
|---|-------|-------|-------|--------------------|--------------------|
| GDP at market prices (CFAfr bn) | 2,245 | 2,454 | 2,640 | 2,856 | 3,025 |
| Real GDP growth (%) | 4.8 | 5.6 | 5.5 | 5.7 | 5.0 |
| Consumer price inflation (av; %) | 7.8 | 2.8 | 1.7 | 1.1 | 0.8 |
| Population (m) | 8.6 | 8.8 | 9.0 | 9.3 | 9.5 |
| Exports fob (US\$ m) | 993 | 988 | 905 | 968 ^a | 1,013 |
| Imports fob (US\$ m) | 1,243 | 1,264 | 1,176 | 1,238 ^a | 1,291 |
| Current-account balance (US\$ m) | -245 | -200 | -185 | -144 ^a | -158 |
| Reserves excl gold (US\$ m) | 272 | 288 | 386 | 431 | 404 ^b |
| Total external debt (US\$ m) | 3,841 | 3,663 | 3,654 | 3,861 | 4,138 |
| External debt-service ratio, paid (%) | 16.7 | 18.9 | 17.2 | 20.7 ^a | 16.9 |
| Groundnut production ^c ('000 tonnes) | 791 | 588 | 551 | 538 | n/a |
| Exchange rate (av; CFAfr:US\$) | 499.2 | 511.6 | 583.7 | 590.0 | 615.7 ^b |

May 12th 2000 CFAfr723.5:US\$1

| Origins of gross domestic product 1997 | % of total | Components of gross domestic product 1998 | % of total |
|--|------------|---|------------|
| Primary sector | 19.0 | Private consumption | 75.9 |
| Secondary sector | 19.8 | Government consumption | 10.2 |
| Tertiary sector | 61.2 | Gross domestic investment | 20.0 |
| GDP at factor cost | 100.0 | Exports of goods & services | 33.5 |
| | | Imports of goods & services | -39.6 |
| | | GDP at market prices | 100.0 |

| Principal exports 1998 | US\$ m | Principal imports fob 1998 | US\$ m |
|------------------------|--------|----------------------------|--------|
| Fish & fish products | 289.1 | Food products | 329.3 |
| Groundnuts & products | 49.7 | Capital goods | 237.5 |
| Phosphates | 23.6 | Petroleum products | 151.3 |

| Main destinations of exports 1998 ^d | % of total | Main origins of imports 1998 ^d | % of total |
|--|------------|---|------------|
| India | 26.7 | France | 32.6 |
| France | 16.8 | Nigeria | 5.6 |
| Mali | 8.0 | US | 5.2 |
| Mauritania | 3.7 | Thailand | 5.1 |

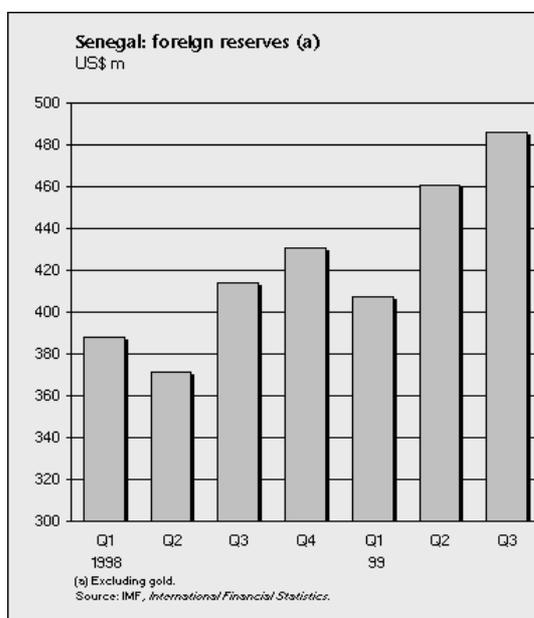
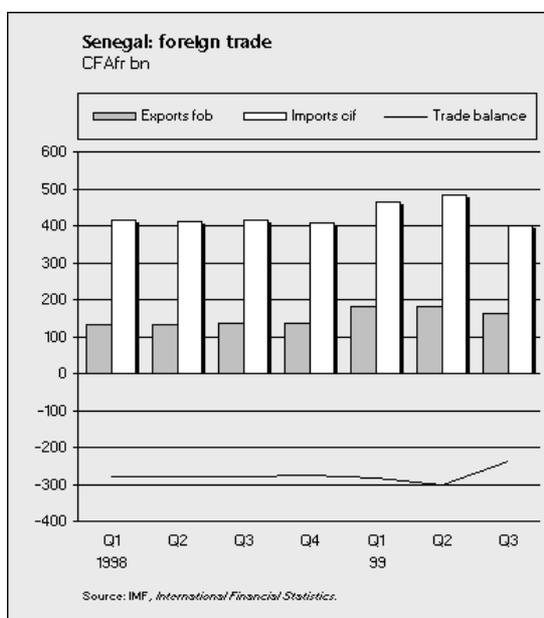
^a EIU estimates. ^b Actual. ^c Unshelled; crop years beginning October 1st. ^d Derived from partners' trade returns; subject to a wide margin of error.

Quarterly indicators

| | 1998 | | | | 1999 | | | |
|---|--------|--------|--------|--------|--------|--------|--------|-------|
| | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr |
| Prices | | | | | | | | |
| Consumer prices | | | | | | | | |
| Dakar (1995=100) | 105.1 | 103.8 | 107.3 | 106.8 | 106.0 | 105.2 | 107.9 | 107.6 |
| % change, year on year | 0.8 | 0.7 | 1.9 | 1.2 | 0.9 | 1.3 | 0.6 | 0.7 |
| Financial indicators | | | | | | | | |
| Exchange rate | | | | | | | | |
| CFAfr:US\$ (av) | 609.7 | 601.5 | 590.8 | 557.8 | 584.4 | 620.7 | 625.8 | 631.9 |
| CFAfr:US\$ (end-period) | 618.5 | 611.7 | 561.6 | 562.6 | 610.7 | 635.1 | 615.1 | 653.0 |
| Interest rates (%) | | | | | | | | |
| Deposit (av) | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Discount (end-period) | 6.00 | 6.00 | 6.25 | 6.25 | 5.75 | 5.75 | 5.75 | 5.75 |
| Money market (av) | 4.55 | 4.80 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 |
| M1 (end-period; CFAfr bn) | 342.6 | 349.3 | 339.6 | 397.0 | 401.6 | 399.4 | 401.5 | n/a |
| % change, year on year | -0.7 | 9.0 | 13.4 | 15.7 | 17.2 | 14.3 | 18.2 | n/a |
| M2 (end-period; CFAfr bn) | 589.2 | 575.7 | 586.8 | 630.2 | 651.7 | 664.6 | 676.6 | n/a |
| % change, year on year | 3.1 | 2.0 | 6.7 | 8.5 | 10.6 | 15.4 | 15.3 | n/a |
| Foreign trade^a (CFAfr bn) | | | | | | | | |
| Exports fob | 133.2 | 133.4 | 134.6 | 134.7 | 179.4 | 182.1 | 161.7 | n/a |
| Imports cif | -413.5 | -411.7 | -415.6 | -409.0 | -463.2 | -484.4 | -400.4 | n/a |
| Trade balance | -280.3 | -278.3 | -281.0 | -274.3 | -283.8 | -302.3 | -238.7 | n/a |
| Foreign reserves | | | | | | | | |
| Reserves excl gold | | | | | | | | |
| (end-period; US\$ m) | 388.1 | 371.6 | 413.8 | 430.8 | 407.5 | 460.7 | 485.8 | n/a |

^a DOTS estimate.

Sources: IMF, *International Financial Statistics*; *Direction of Trade Statistics Yearbook*.



Outlook for 2000-01

Political forecast

Domestic politics The dramatic election to the presidency of Abdoulaye Wade, Senegal's perennial oppositionist, opens a new era of political change and uncertainty. The country's entire political system—dominated for four decades by the Parti socialiste (PS) of the defeated incumbent, Abdou Diouf—is facing an overhaul. The victorious coalition around Mr Wade seeks to weaken, if not break, the hold the PS has on parliament, local and regional government, and numerous other state and administrative institutions. This will not be as difficult as it might appear, as Mr Wade's coalition government includes some important figures—most notably the prime minister, Moustapha Niasse—who until very recently were part of the old PS establishment. A relatively peaceful process of change will also be facilitated by the underlying strengths of Senegal's democratic system, demonstrated so strikingly by the presidential election itself. Foreign election observers considered this election to be among the freest and fairest in Africa.

However, the unsettling defeat of the PS and its allies, along with the sudden rise to power of a coalition of parties thus far accustomed only to opposition life, will undoubtedly bring political tension and realignment. Some politicians, parties and alliances may fail, others will move to the fore. The defeated PS is showing the strain almost immediately. Many members have begun calling for the head of Ousmane Tanor Dieng, the party first secretary, whom they blame for exacerbating the internal division which led to defeat. Mr Wade himself may also face some difficulty in keeping together his rather broad political coalition, which includes not only his own Parti démocratique sénégalais (PDS), but also Mr Niasse's party (composed of PS defectors), three influential leftist parties (with different ideological histories), and some smaller nationalist and technocratic currents. The process of selecting ministers for Mr Niasse's cabinet was apparently not an easy one—such positions offer significant political patronage advantages as the various parties gear up for the forthcoming election. Ministers will be not only be competing with the PS, but also with each other.

Election watch In the coming year, Mr Wade's political coalition hopes to transform the country's political system, replacing its current highly centralised presidential system with one which gives the legislature—the Assemblée nationale—greater authority and accountability. This will include: precisely defining the president's powers; reducing the presidential term of office from seven years to five; placing a two-term limit on the presidency; making the prime minister and his cabinet directly accountable to parliament; and eliminating the advisory Senate, the controversial second chamber established in 1998 by the PS majority. Regional and local government structures, seen as highly ineffective, will also come under review. The judiciary is to be given greater independence; high-level magistrates will be elected by their peers rather than appointed by the president. All these changes, and perhaps others, will be

incorporated into a new constitution to be approved or rejected by referendum by end-2000.

After this referendum the current *Assemblée nationale*—which is still dominated by the PS—will probably be dissolved, and a new legislative election called. Elections for local and regional governments will also be held, either at the time of the legislative election or separately. Coming so soon after the 1998 legislative election and the February-March 2000 presidential poll, this means campaign activity levels will remain high.

Rebel movements The peace process in the southern region of Casamance will remain somewhat detached from national party politics. Talks between the government and the rebel *Mouvement des forces démocratiques de Casamance* (MFDC) opened in December and continued during the height of the campaigning for the first and second rounds of the presidential election. As a result of these negotiations the MFDC has achieved legal recognition, and a mixed commission has been set up to monitor compliance with the ceasefire agreement. Voters in Casamance mostly followed the national trend by favouring Mr Wade. The developments in Dakar may add impetus to the talks—Mr Wade has said that resolving the Casamance issue will be a high priority—but achieving lasting peace will be difficult. The government's general stance on maintaining Casamance as an integral part of the Senegalese state is unlikely to change, and some renegade MFDC guerillas have continued their insurgency despite the ceasefire. However, the change of president may make it easier for the more moderate MFDC leaders to persuade the movement's hardline guerrilla commanders to compromise, as this would no longer mean backing down before their old enemies, the PS.

International relations Even before his inauguration Mr Wade indicated that one of his first foreign policy priorities would be to visit Senegal's immediate neighbours, Mauritania, Mali, The Gambia and Guinea-Bissau. Good relations with the latter two countries are particularly important for peace in Casamance, because they have been acting as observers and intermediaries in the negotiations. Relations with Guinea-Bissau are especially delicate. Despite the election of a new government there, General Ansoumane Mané remains a powerful force, and his direct ties with the rebel commanders of the MFDC's hardline Southern Front may complicate the peace process.

Economic policy outlook

Policy trends The new government has signalled several impending economic and social policy reforms, but the underlying trends are not likely to change substantially. The old PS administration had called itself social democratic, with a strong ideological emphasis on state intervention, but in practice it took major steps towards liberalising trade and privatising key state enterprises. Formally, Mr Wade and his *Parti démocratique sénégalais* (PDS) are more inclined toward liberalism and private initiative than the PS, and this will probably affect economic policy to some extent. However, Mr Wade was elected on a programme that leaned heavily on social welfare promises. A number of the

parties belonging to his coalition have been highly critical of liberalisation and privatisation, and believe strongly that the Senegalese state must play an active role in defending the poor, providing essential social services and even undertaking selected economic activities that the private sector is unwilling or unable to pursue. As this comes at a time when the World Bank and the IMF are paying more attention to poverty eradication and broad social concerns, the Wade government should have freedom to combine its belief in the central role of the private sector with a strong element of social protectionism.

Whatever Mr Wade's long-term vision for the Senegalese economy, some immediate efforts to improve education and health services and stimulate job creation will be vital, in order to ease the social tension that built up under the PS administration. Strikes, violent demonstrations, student walk-outs, clashes between petty traders and police, armed banditry and local land or water disputes have been increasingly common in recent years, leading many observers to wonder when a wider social explosion would be ignited. Within days of Mr Wade's election students gave up their boycott and went back to their classrooms, and some unions called off ongoing or threatened strikes. This indicates that the change in government has served, at least momentarily, as a social safety valve. Prompt follow-up measures to strengthen service delivery and begin addressing the underlying weaknesses of the economy will be essential if social peace is to be maintained.

High unemployment is one of Senegal's most pressing problems, and Mr Wade has highlighted job creation as a central campaign theme. The government will be judged on its ability to stimulate labour-intensive productive activity. This is an issue on which labour and local businesses generally agree, so progress on this front would politically benefit the new governing coalition and also reinforce the desire for a stronger social partnership.

Fiscal and monetary policy

The new government is likely to place greater emphasis on tax incentives, pointing to some potentially significant reforms in fiscal policy. This may be a delicate matter, however, as some constituencies have conflicting interests: for example, domestic sugar and rice producers fear they will not survive stiff external competition without some level of protection (through import surtaxes), but urban consumers and small-scale merchants favour lifting such protection in order to lower prices on the domestic market. Mr Wade's *laissez-faire* views may not bring about any abrupt shifts in domestic economic policy, but they may prove useful in eliciting more interest in the country from external investors. Mr Wade will couple such overtures with efforts to maintain good ties with the donor institutions, despite his previously expressing dissatisfaction with the nature of these relationships. The appointment of Moctar Diop—an IMF official—as minister of the economy and finance was undoubtedly intended to signal the government's commitment to soundly-based macroeconomic policies and management. This means that the government will continue to stick to its programme of economic reform, and roughly to meet its financial targets under the IMF's enhanced structural adjustment facility, due to expire mid-2001. As a result the budget deficit (excluding grants) will remain manageable, hovering around 1-2% of GDP. Meanwhile, the regional central bank, the Banque centrale des Etats de

l'Afrique de l'ouest (BCEAO), will continue to conduct a sound monetary policy throughout the West African Franc Zone.

Economic forecast

Senegal: forecast summary
(% unless otherwise indicated)

| | 1998 ^a | 1999 ^b | 2000 ^c | 2001 ^c |
|----------------------------------|---------------------|-------------------|-------------------|-------------------|
| Real GDP growth | 5.7 | 5.0 | 5.7 | 6.0 |
| Consumer price inflation (av) | 1.1 | 0.8 | 1.5 | 2.0 |
| Merchandise exports fob (US\$ m) | 968 ^b | 1,013 | 1,063 | 1,159 |
| Merchandise imports fob (US\$ m) | -1,238 ^b | -1,291 | -1,312 | -1,412 |
| Trade balance (US\$ m) | -270 | -278 | -299 | -253 |
| Current-account balance (US\$ m) | -144 ^b | -158 | -115 | -113 |
| Exchange rate (av; CFAfr:US\$) | 590 | 616 | 661 | 602 |

^a Actual. ^b EIU estimates. ^c EIU forecasts.

International assumptions

The global economy is now expanding extremely rapidly. The EIU expects world growth in 2000 to average 4.4%, with the US economy expected to register the strongest year of its current expansion, at 4.9%. Global growth remains skewed uncomfortably towards the US, but this is less marked this year than in 1999, as Japan's recovery picks up momentum and the euro area starts to grow more rapidly. However, the deceleration in US economic growth next year will slightly depress global expansion, to 4%.

Economic growth

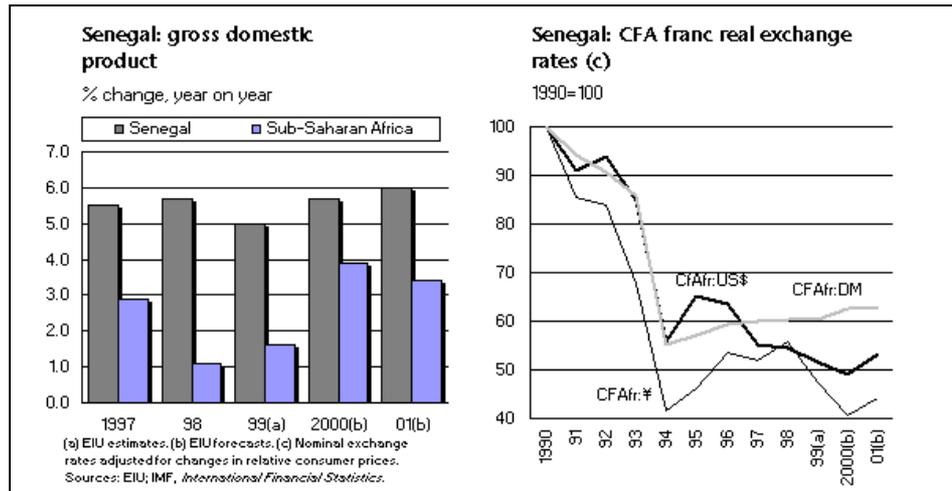
After the slight slowdown in 1999, GDP growth is forecast to pick up, reaching 5.7% in 2000 and 6% in 2001. On the supply side the strongest contribution will come from industry, which will recover some of the momentum lost in 1999 owing to the serious shortfall in power supply. A particularly good performance is forecast for construction, stimulated by the opening of a second cement factory and ongoing projects in the transport sector; the government expects 13.2% expansion in this sector in 2000. Mining should also do well in both 2000 and 2001, as production at the new phosphate mine in Tobene picks up. With improved electricity supply—as new capacity comes on line—manufacturing output should register a good recovery this year (4.9% growth is forecast) with the pace broadly maintained next year. Trends in agriculture are difficult to predict given this sector's vulnerability to weather, but the expectation is that, with normal conditions, growth should be over 5% in both years. On this basis Senegal should slightly improve on the already strong growth record of the recent past, during both this year and the next.

Prices and the exchange rate

Senegal's record on the inflation front is also expected to continue to be strong, with consumer price inflation hovering between 1.5% and 2%. This is slightly above the 0.8% estimated for 1999, reflecting the impact of generally higher oil prices throughout 2000-01 and the weakness of the euro (to which the CFA franc is pegged) through at least the first months of the outlook period. We forecast the euro will strengthen in the second half of this year. The average value of the CFA franc will depreciate against the dollar by 6.8% this year (to

CFAFr661:US\$1), then make up some of the lost ground next year, when it should reach CFAFr588:US\$1.

External sector The current-account balance will continue in modest deficit, equivalent to 2-3% of GDP through the outlook period. The stronger growth in construction, mining and manufacturing will push up import spending by 6% this year and by 5% next year, in US dollar terms. Growth in export earnings will be constrained by weak world prices for traditional exports (fish and groundnuts) but a high phosphate supply will ensure a modest increase in both years, keeping the merchandise trade gap at around US\$300m. Inflows of transfers, buoyed up by aid, will broadly offset this deficit.



The political scene

Abdoulaye Wade takes up the presidential reins

The jubilant street celebrations that greeted the outcome of the second round of the presidential election on March 19th were followed on April 1st by a huge gathering at the main stadium in Dakar, as Abdoulaye Wade was officially sworn in as Senegal's new president. It was an historic occasion. Mr Wade is only the third president since independence in 1960, after Léopold Sédar Senghor and Abdou Diouf. More significantly, he is the only one not belonging to the Parti socialiste (PS), which has dominated political life since the late colonial era. Among all the opposition politicians, it was Mr Wade who had the longest record of challenging the PS "party-state" through the electoral system. He maintained his challenge despite the massive political patronage resources of the PS, its control over the state administration and its willingness to engage in moderate electoral fraud. He first established the opposition Parti démocratique sénégalais (PDS) in 1974, and ran in every presidential election from 1978 onwards. Some of these elections were fiercely contested, and were accompanied by street violence as the opposition challenged the results. Gradually, as more and more opposition parties arose, the popularity of the PS

declined. As the ruling party began to break apart, it became harder for the authorities to skew elections in its favour. Coupled with the decision of a number of other opposition parties to back Mr Wade as the candidate most likely to defeat the incumbent Abdou Diouf, this cleared the way for the PDS leader—now 74 years old—to attain his goal at last.

A broad coalition government is named

On the day of his inauguration, Mr Wade named Moustapha Niasse as his prime minister, a recent defector from the PS who came in third during the first round of the presidential election and threw his support behind Mr Wade in the second. Two days later the president and prime minister released the full list of the new cabinet, which represented the broad political coalition that backed Mr Wade. About one-third of the 28 ministers listed belong to the PDS, but figures from several other parties also figured prominently. The central leaders of the three main left-wing parties came first in the protocol ranking: Landing Savané, head of the *And-jéf/Parti africain pour la démocratie et le socialisme (AJ/PADS)*, as the new minister of industry, crafts and mines; Abdoulaye Bathily, leader of the *Ligue démocratique-Mouvement pour le parti du travail (LD-MPT)*, as minister of energy and water works; and Amath Dansokho, leader of the *Parti de l'indépendance et du travail (PIT)*, as minister of urban planning and housing. Madior Diouf, an academic and head of the pan-Africanist *Rassemblement national démocratique (RND)*, took the higher education portfolio. Meanwhile, two little-known professionals, both living in the US at the time of their appointment, were named to influential posts: Cheikh Tidiane Gadio, a communications consultant most recently working with the World Bank, became foreign minister; and Moctar Diop, a long-time colleague of Mr Wade, left a position with the International Monetary Fund in Washington to take the job of minister of the economy and finances. General (retired) Mamadou Niang, who had been sacked from his job as head of the election monitoring body in 1999 after sharply criticising the PS's electoral practices, was named as head of the Ministry of the Interior—which has overall responsibility for organising elections.

Originally, Mr Wade said he would name a government of no more than 22 ministers, choosing individuals on the basis of their competence and not their political affiliation or region of origin. But political representation ultimately weighed heavily, and in the course of negotiations over the cabinet's composition its size grew, though at 28 ministers it still falls short of the 33 in the outgoing PS government. The cabinet is also regionally balanced, with members hailing from all ten regions of Senegal. On the original cabinet list, no one was from Kolda, but after local protests Bécaye Diop, a Kolda PDS leader, was named a few days later as deputy minister for literacy. The cabinet also includes five female ministers, among them Mame Madior Boye as minister of justice and Aminata Tall, head of the PDS women's affiliate, as minister of family and national solidarity.

New legislative election is to be called

From the outset both Mr Wade and Mr Niasse have emphasised that the new government will be a "transitional" one, lasting two years at the most. One reason for this is that although the opposition has control of the government, the PS dominates the *Assemblée nationale*. This may seriously hamper the

government's ability to secure parliamentary approval—and thus the requisite budgetary resources—to implement its “emergency” economic and social development policies (see Economic policy). Therefore, a crucial plank of the new government's transitional programme is to dissolve the Assemblée nationale and call new legislative elections, in the hope that the PS loss of the presidency will be matched by a sharp decline in parliamentary representation. New elections would also give a more accurate indication of the relative political strengths of the parties and politicians supporting Mr Wade's government, and this may influence future cabinet reshuffles.

Major constitutional revisions are planned

The PDS and its allies have long been critical of the repeated amendments the PS made to the constitution in order to enhance its own control over government and parliamentary structures, and to concentrate progressively more power in the presidency. Mr Wade's transitional programme therefore includes plans for a national referendum to approve a new constitution. Initial declarations from Mr Wade and other officials indicated that the proposed changes would include the following:

- reducing the day-to-day powers of the presidency, and limiting the period of office to no more than two consecutive five-year terms. The current term is seven years and, following a constitutional amendment pushed through by the PS in 1998, there is at present no limit to the number of terms which can be held;
- giving greater authority to the Assemblée nationale and making the prime minister and his cabinet more directly answerable to parliament, but with a reduction in the number of seats from 140 to 120;
- abolishing the Senate, which was first established in 1998 as an upper chamber of parliament. The opposition parties, which boycotted the institution, argued that it served no other function than to provide PS dignitaries with handsome salaries;
- reforming regional and local government institutions; and
- providing for high-level magistrates to be elected by their peers (currently most are appointed by the president).

Some press commentators have pointed out that, except for the proposed expansion of judicial independence, most of the changes would result in a constitution similar to that of Senegal at the time of independence, in 1960. As yet, the timetable for a referendum on such a constitution—as well as for new legislative and local government elections—remains unclear. In early March, some of the parties in Mr Wade's coalition foresaw a process lasting two years. According to a report in the independent *Sud quotidien*, a subsequent agreement between Mr Wade, Mr Niasse and the other parties of the coalition projected that the constitutional referendum could be held by November 2000, and the elections (both to the Assemblée nationale and to local government bodies) by February 2001. However, other reports and politicians' statements have suggested timetables of both shorter and longer duration.

The PS is stunned by its electoral defeat

Even before the first round of the presidential election on February 27th, the triumphalist tone of the PS regarding Mr Diouf's re-election prospects began to fade. Some leading party officials declared that they would be happy with a bare majority—the threshold needed to avoid a run-off—but as the results began to trickle in, they were stunned by how far Mr Diouf's score actually fell short of that goal. Although he received the highest number of votes in the first round, at 690,917, this was just 41.3% of the total number of votes cast, setting the stage for the opposition to rally around the second-highest vote winner, Mr Wade, who drew 31%. Although desperate PS leaders tried hard to mobilise more votes during the second round on March 19th, and Mr Diouf himself made more sweeping electoral pledges to change the party's style of rule, the vote for the incumbent scarcely altered. He was left behind as Mr Wade finished in first place with a comfortable 58.5% majority.

Senegal: presidential election results, 2000

| Candidate | First round Feb 27th | | Second round Mar 19th | |
|------------------------|----------------------|------------|-----------------------|------------|
| | Votes | % of total | Votes | % of total |
| Abdou Diouf | 690,917 | 41.3 | 687,969 | 41.5 |
| Abdoulaye Wade | 518,740 | 31.0 | 969,332 | 58.5 |
| Moustapha Niasse | 280,538 | 16.8 | - | - |
| Djibo Kâ | 118,484 | 7.1 | - | - |
| Iba Der Thiam | 20,164 | 1.2 | - | - |
| Ousseynou Fall | 18,604 | 1.1 | - | - |
| Cheikh Abdoulaye Dièye | 16,200 | 1.0 | - | - |
| Mademba Sock | 9,326 | 0.6 | - | - |
| Total | 1,672,973 | 100.0 | 1,657,301 | 100.0 |

Source: Conseil constitutionnel.

The triumph is supported by a broad coalition

In both the first and second rounds of the election, Mr Wade benefited greatly from the support of an opposition coalition that extended far beyond his own PDS. In the 1993 presidential election he won 415,000 votes, a figure that fell to 231,000 for the PDS candidates during the last legislative election in 1998. However, in the presidential poll on February 27th he had secured the backing of a number of other parties, which together had won 130,000 votes in 1998. The formation of this alliance, known as the Coalition alternance 2000 (CA 2000), helped to boost Mr Wade's showing significantly in the first round, despite the fact that six other challengers were also running against President Diouf. With only the top two candidates going through to the second round, Mr Wade was well placed to gain additional support from members of the electorate who had voted against Mr Diouf. This was not a certainty, however, as both Mr Niasse and Mr Kâ had recently split from the ruling party and the PS made some efforts to try to woo them back. Mr Niasse, placed third in the first round, spurned these overtures and openly threw his support behind Mr Wade, helping to deliver a sizeable bloc of votes. Mr Kâ, however, decided at the last minute to back Mr Diouf, although the final vote tallies show that most of his supporters decided not to follow him and instead cast their ballots for the opposition challenger.

Improved monitoring keeps the election relatively clean

Comparing the official vote tallies in this presidential poll with those of previous elections may not accurately reflect the changes in voter preferences. Fraud and other electoral malpractices were in evidence in some of the earlier elections, when the final scores for the PS were probably inflated somewhat, and those for the opposition parties were pushed below their actual levels. However, over time, closer checks were made on local PS leaders' possible manipulation of results, including more public scrutiny of the voter registration process and the establishment of a semi-autonomous election monitoring body, the Observatoire national des élections (ONEL), which included opposition party representatives. Mr Wade and other opposition leaders continued to complain of corruption, but the existence of such monitoring mechanisms ensured that the elections became fairer and more transparent over time. Indeed, both the ONEL and foreign election observers gave the 2000 presidential poll their wholehearted approval, with some calling it Africa's cleanest election in recent years.

Fear of violence convinces the PS to accept the outcome

Both the election monitors and Mr Wade himself praised the PS leaders' "political maturity" for promptly accepting the election outcome, but there were signs that the ruling party leadership was also motivated to some extent by fear. Mr Wade's campaign featured huge rallies and street marches in Dakar and other parts of the country, demonstrating the extent of his popular support and the likelihood of a violent social explosion should the PS try to tamper with the election. Serious post-election confrontations after previous polls—and some outbreaks of campaign violence during this one—made outright electoral manipulation too much of a risk. Mr Wade drove the point home even more sharply when he publicly appealed to the army, police and gendarmerie to oppose any efforts by the PS to block an opposition victory. He held up as an example the "good coup d'état" in Côte d'Ivoire in late December last year, in which the military ostensibly intervened against the corrupt incumbent president's efforts to hold on to office.

Islamists fail to sway the electorate

One notable development in this presidential race was the increased prominence of Islamist campaign themes, although they do not seem to have made an impact on the electorate. Three candidates—Ousseynou Fall, Cheikh Abdoulaye Dièye and Iba Der Thiam—frequently raised issues designed to appeal to the country's Islamic majority. They challenged the secular nature of the Senegalese state, and made proposals including the application of sharia law, abrogation of the family code (which grants women greater inheritance and divorce rights), religious instruction in the schools and free water and electricity to religious organisations. None of these candidates secured much more than 1% of the vote.

Meanwhile the leaders of the main Islamic religious brotherhoods, which had previously earned solid blocs of votes for the PS, had only a limited influence. As in the past, many issued *ndigël* (religious instructions) to their followers to vote for Mr Diouf; this probably helped to boost votes, but it was not enough to tip the balance. Some other Islamic religious figures openly endorsed opposition candidates, most notably Mr Wade and Mr Niasse. The stance of Moustapha Sy, leader of the large Islamic youth movement, the

Moustarchidina wal Moustarchidati (MwM), veered round. After being jailed in 1994 for MwM participation in anti-devaluation rioting, he threw the movement's support behind the PDS, but then switched back to the PS in the 1998 legislative election. In 1999 the movement initiated its own party, the Parti pour l'unité et le rassemblement, which subsequently nominated Mr Sy as candidate for the presidency. Just before the final list of candidates was certified, however, he inexplicably pulled out of the race, and soon called on his supporters to "vote with their conscience." Then, before the second round, he urged a vote for Mr Diouf—also with little evident impact on the final result.

Moustapha Niasse builds a formidable political base

After Mr Wade himself, the next clear winner in the election was Moustapha Niasse. A former PS political secretary and twice foreign minister (1978-84 and 1993-98), Mr Niasse only broke from the ruling party in June 1999, with a stinging denunciation of high-level state corruption carried out by "Mafia-type interest groups" in the PS leadership. Some had hoped that he would join forces with Mr Kâ, who had a similar political outlook and had split from the PS a year and a half earlier. Instead Mr Niasse launched his own party, the Alliance des forces de progrès (AFP), and declared his presidential candidacy. He also succeeded in building a coalition of several small parties to back his campaign, and declared from the outset that if he failed to attain second place he would back the opposition candidate who did. Mr Niasse's strong third-place showing, with 280,538 votes or 16.8% of the total, therefore established him not only as a major political force but also as a decisive factor in Mr Wade's victory.

Mr Niasse's presence in the government will stabilise it

Almost immediately after the March 19th vote tallies started to come in, Mr Wade offered the post of prime minister to Mr Niasse. This was not simply a political trade-off for Mr Niasse's support in the second round, but also a reinforcement of the image of coalition-builder that Mr Wade hopes to project. Mr Niasse's background as a PS leader and his strong establishment connections were clearly seen as important assets in achieving the political transition. His conservative economic and social views—he favours macroeconomic stability, privatisation and some of the social values also espoused by Islamic leaders—may serve to counterbalance the influence of the leftist parties in the government. This will reassure major sections of the social and political elites that Mr Wade is someone they can work with successfully. Of all the former PS leaders who could have been incorporated into Mr Wade's coalition, Mr Niasse was probably the least controversial: he had long stood apart from the PS leadership's most heavy-handed attacks on the opposition, and maintained professional—sometimes even friendly—relations with some opposition leaders.

Djibo Kâ stumbles badly

In contrast to Mr Niasse, Djibo Kâ was widely viewed within opposition circles as arrogant and untrustworthy. A former interior minister under President Diouf, he had been responsible during the early 1990s for jailing Mr Wade and leaders of other opposition parties. Mr Wade therefore greeted his subsequent defection from the PS with some scepticism. However, after a remarkable breakthrough in the 1998 legislative election, in which his Union pour le

renouveau démocratique (URD) drew votes away from both the PS and other opposition parties, Mr Kâ entered the presidential election with great confidence. But his political fortunes plummeted, as he chose to campaign with the support of no party other than his own URD. In the first round he came in fourth, with less than half the votes secured by Mr Niasse and well below the URD's own tally of 160,000 votes in the 1998 legislative poll. He then compounded this electoral setback by misjudging the options he faced in the second round. He opened negotiations with both Mr Wade and Mr Diouf, apparently to determine what ministerial post he might be able to secure in exchange for his political endorsement. Dissatisfied with Mr Wade's response—and, some reports suggest, worried about a loss of URD seats should Mr Wade win and call a new legislative election—he chose to back the incumbent president. This not only provoked an immediate split within the URD, as a major wing of the party decided to back Mr Wade, but also turned out to be simply the wrong choice.

The former ruling party is torn by divisions

The PS, always a divided party, has been thrown into a further round of fierce political infighting by the failure of Mr Diouf's re-election bid. Immediately after the first round a number of PS leaders, most stridently Mbaye Jacques Diop, the mayor of Rufisque (one Dakar's major suburbs), openly called for President Diouf to sack the PS's first secretary, Ousmane Tanor Dieng. Many local and some national PS figures dislike Mr Dieng's aggressive style, and blame him for driving out long-time leaders like Mr Niasse and Mr Kâ. Mr Diouf did not oust Mr Dieng, and in early March Mr Diop openly broke with the PS after 45 years of activism, and joined the AFP. Mr Diouf's defeat in the second round opened the gates to numerous other defectors, including sitting parliamentary deputies, many of whom have approached Mr Niasse's AFP.

Other dissidents remain within the former ruling party, at least for the time being. They have joined the rest of the party leadership in discussing how to reposition and restructure the PS as an opposition party, the goal being to preserve as many seats as possible in the next legislative and local government elections. A meeting of the PS political bureau just a few days after the March 19th vote failed to produce a clear plan. At least six members proposed that Mr Dieng be held responsible for Mr Diouf's defeat and ousted from his leadership position, giving the PS a chance to rebuild its political image and possibly draw back some of the defectors. Alternatively, they argued, the entire political bureau, including Mr Dieng, should resign. Neither proposal was carried at that meeting, but pressure on Mr Dieng to step aside will undoubtedly mount.

State audits may implicate leading PS dignitaries

The new government's pledge to carry out financial audits of all ministries, state institutions and publicly owned enterprises will complicate attempts by the PS to preserve its remaining political standing. Numerous party leaders were widely believed to have used their positions to amass personal wealth or to dispense political favours. In the immediate wake of Mr Diouf's electoral defeat, there were reports of capital flight, as state officials and party leaders sought ways to get some of their dubiously acquired funds out of the country. If the auditing and other investigative bodies can prove that prominent PS

dignitaries are guilty of graft, it will provide the new governing coalition with invaluable political ammunition against the former ruling party.

Peace in Casamance is to be the “priority of priorities”

Most of the former opposition parties agreed with the PS over the need to end the long war in the southern region of Casamance, but they did criticise the Diouf government for not making talks with the rebel Mouvement des forces démocratiques de Casamance (MFDC) a higher priority. President Wade has emphasised that the Casamance dossier will be the “priority of priorities” for his government, and the new prime minister has said he hopes the conflict will be resolved through negotiations “very rapidly”.

The day after the second round of the presidential election, Father Augustin Diamacoune Senghor, the MFDC’s central political leader, wrote to Mr Wade to congratulate him on his victory and to reiterate the need for more concrete progress in moving towards peace “with justice”. Specifically, he urged the withdrawal of Senegalese government troops from all parts of Casamance other than those they had occupied prior to the outbreak of fighting in 1983; the demining of villages to allow refugees to return home; and an acceleration in economic and social development projects. Humanitarian organisations estimate that there are more than 41,000 refugees (mainly in neighbouring Guinea-Bissau and The Gambia), plus another 11,000 people internally displaced within Casamance. More than 230 villages have been abandoned because of the war.

The ceasefire remains fragile

The ceasefire formally signed in late December during the first direct peace talks between the MFDC and the Senegalese government (1st quarter 2000, page 15) has more or less held throughout most of the territory, although there have been some armed attacks since the signing. Several civilians and two foreign tourists have been killed. Father Diamacoune has denied MFDC responsibility for these attacks—they may be the work of armed bandits or of renegade MFDC guerrillas opposed to the peace process. Although refugee displacements and fears of violence prevented voters from making it to the polls in some parts of Kolda and Ziguinchor (the two administrative regions that constitute Casamance), the overall turn-out was heavy, with a particularly strong vote in favour of Mr Wade. It is not yet clear whether all commanders of the hardline Southern Front will agree to the concessions the MFDC appears to be making in the ongoing peace talks, which include dropping its long-standing call for outright independence for Casamance.

In the second round of talks in Banjul, the Gambian capital, in late January, both sides agreed to establish a mixed commission of observers to monitor the ceasefire. Then in early February, at further talks in Ziguinchor, they formally established the Mission d’observation du cessez-feu et des accords de paix (Mocap), to include 107 “white helmets” drawn from the MFDC, the Senegalese security forces, representatives of Senegalese civil society organisations and observers named by the governments of Guinea-Bissau and The Gambia. Once it is deployed, Mocap will be responsible not only for investigating ceasefire violations but also for monitoring the army, overseeing the withdrawal of MFDC forces from official sites and supervising the demining of roads and villages and the return of refugees.

The MFDC wins legal recognition

At the January talks in Banjul the MFDC, for the first time, won formal recognition from the Senegalese government as “an intermediary in the search for a definitive solution to the Casamance problem”. Earlier, the MFDC had sought recognition as the “sole intermediary”, but both the government and Casamançais civil society organisations objected to such a designation. Some MFDC representatives had also suggested recognition of the MFDC as a “political party”, but Senegalese law currently prohibits the registration of any party with an ethnic or regional base. In any case, the MFDC’s new position of intermediary will give it the legal standing it needs to operate freely and openly within the country.

Economic policy

Social welfare is to be emphasised

Mr Wade and his allies criticised the PS government for devoting too much attention to improving macroeconomic results and not enough to addressing the widespread poverty and social deprivation confronting ordinary Senegalese people. The new administration is therefore placing job creation and social sector concerns at the heart of its “emergency” development programme, to be carried out simultaneously with its political transition plans. Mr Wade has vowed to recruit all the unemployed graduates of the teacher training institutions—especially those at the Ecole normale supérieure, who have staged frequent demonstrations in Dakar to demand teaching positions—and to regularise the standing of volunteer teachers and those who act as substitutes during vacation time. “I don’t like making promises”, Mr Wade told a gathering of trade unionists, “but this is a promise that I can keep”. He has also vowed to recruit more healthcare personnel and to organise a national consultation to co-ordinate coverage of the country’s various health insurance schemes.

Job creation will be a top priority

Throughout his election campaign, Mr Wade specified that employment would be a central plank of his economic programme. The sensitivity of the issue was highlighted in January, when the Directorate of Employment reported that a total of 157,063 people were unemployed in Senegal, with unemployment rates reaching 20.8% of the population in Dakar and 15% in Saint-Louis. Among those in the 15-35 age group the rate was 55.9% nationally. Mr Wade sharply criticised the PS government for the steady rise in joblessness, especially among young people. At campaign rallies he would ask those who were unemployed to raise their hands, and was usually answered with a sea of arms. Mr Niasse also stated that employment-creation would be a key priority of his cabinet, making the job of the new civil service, labour and employment minister, Yéro Deh, particularly important. Employment has been singled out as a crucial issue, although concrete job-creation plans have yet to be formed. They are likely to include new incentives to labour-intensive enterprises, such as construction. Mr Wade has also said that public enterprises will need to utilise their profits more effectively, suggesting that one-third of profits should be allocated to expanding their capacities and one-third to improving labour conditions.

But no salary increases are promised

Although Mr Wade has repeatedly emphasised that his government will try to establish a supportive “partnership” with organised labour, he has made it clear that he cannot promise across-the-board salary rises. His proposal that a third of state-enterprise profits be allocated to improving employees’ conditions of work explicitly included salary increases as a part of such improvement, but any rise in pay would still be pegged to the actual performance of the enterprise.

Meanwhile he vowed that his government would respect trade union rights, and said that women workers should enjoy equal rights in the workplace. The appointment of Mr Deh—a leader of the leftist, pro-labour Ligue démocratique-Mouvement pour le parti du travail—as the labour minister should also please the unions. Some union leaders, even from the PS-allied Confédération nationale des travailleurs du Sénégal, have appealed to their followers to give the new government a chance to put its pledges into practice—but have warned that labour peace may be short-lived if it fails to do so.

The business community is reassured

As well as making overtures to the unions, Mr Wade and his colleagues also have been quick to approach the business community with expressions of interest in their specific concerns. Between the two rounds of the election Mr Wade addressed a dinner of 1,000 domestic and foreign investors, and a breakfast meeting of 250 more, to explain his commitment to helping industrialists and other businessmen generate higher levels of investment. This included foreign investors—Mr Wade specifically mentioned plans to hold a similar meeting with potential investors in the US—but he repeatedly stressed the importance of mobilising Senegalese investors and the resident Lebanese business community. To support them, he pledged more financing facilities for small- and medium-scale enterprises, as well as the possibility of a bank specialising in export-import financing.

The Air Senegal privatisation is complete

In late January the privatisation of the national carrier, Air Senegal, was finalised, with the establishment of a new enterprise to be called Air Senegal International. Royal Air Maroc holds 51% of the company’s total capital of CFAfr7.3bn (US\$11.4m). The government, which continues to hold 49%, has pledged that 5% of the shares will be allocated to the airline’s workforce, and has indicated that another portion may be sold to other private investors. As part of the accord to purchase Air Senegal, Royal Air Maroc has agreed to retain all of the airline’s current personnel.

The domestic economy

Agriculture

Farmers expect much from the new government

Immediately after the second round of the election the Conseil national de concertation et de co-opération des ruraux, which represents almost all of Senegal’s farming, livestock, fishing and timber associations, indicated that it expects the new government to attend to the needs of its members and not

just to those of the urban population. Specifically, it called for improved access to agricultural credit, lower taxes on agricultural equipment, and further reform of the numerous institutions and services devoted to rural development. Most pointedly, it also appealed for an outright cancellation of farmers' debt arrears to the groundnut and cotton parastatals and other rural financing agencies. The arrears, estimated at about CFAfr11bn nationally, have accumulated over recent years owing to poor harvests and occasional delays in the parastatals' sale of their crops.

During his election campaign Mr Wade often emphasised that his government would centre its rural development strategy on the promotion of "family agriculture", offering incentives to food farmers in particular. It would also take a more decentralised approach to irrigation and other initiatives to improve access to water sources. Leaders of Mr Wade's coalition indicated too that farmers' debt arrears, seen as a handicap to agricultural development, would all be re-examined within a year. The Parti socialiste (PS) has long had its strongest base in the countryside, and despite some erosion of its rural electoral base it still gained more votes from rural areas than cities in the recent presidential election. There is therefore a political dimension to any response the Parti démocratique sénégalais (PDS) makes to farmers' concerns, especially with an early legislative election on the agenda.

The groundnut crop should rise considerably

Production of groundnuts (unshelled) is projected to reach 675,000 tonnes during the 1999/2000 season (October-September), a substantial 40% increase on the 485,000 tonnes realised in 1998/99. This is partly the result of improved weather—with yields rising from 0.65 tonnes/ha to a forecast 0.71 t/ha—but is mainly because the planted area has increased. The strong recovery also comes despite a fall in the floor price paid to groundnut farmers by the Société nationale de commercialisation des oléagineux du Sénégal (Sonacos), the groundnut processing parastatal, from CFAfr160/kg (26 US cents/kg) in the past season to CFAfr145/kg this year. Nevertheless, many farmers have sold their crops to informal sector merchants (known as *bana-bana*) at even lower prices. This is partly because Sonacos has delayed in collecting the groundnuts, but mainly because of the debts the farmers owe to Sonacos and to Sonagraine, the affiliated seed-marketing company. If they sold directly to Sonacos, a portion of their outstanding debts would be deducted automatically from the proceeds.

A partial recovery in cotton output is expected

Seed cotton production is forecast to double to 23,000 tonnes in 1999/2000 (October-September), a modest recovery from the exceptionally poor harvest of just 11,500 tonnes in 1998/99 which was the result of major pest infestation. The Société de développement des fibres textiles (Sodefitex), the cotton parastatal, had originally projected a harvest of 45,000 tonnes. However, it revised this projection sharply downward when it became clear that many farmers had moved away from cotton to other crops, reducing the area under cotton cultivation from 48,000 ha in 1998/99 to 21,000 ha in 1999/2000. The reduction in the crop area has now been more than counterbalanced by improved rains and more effective input supply, ensuring a significant rise in yields. According to Sodefitex estimates, the national average is about 1,086 kg/ha, compared with the previous season's abysmal 250 kg/ha.

Foreign trade and payments

Relations with donor institutions may change

Mr Wade and his political allies have said nothing to suggest that the new government will try to break established commitments to the main international financial institutions—Senegal remains heavily dependent on donor assistance. However, there are indications that the new government will try to modify Senegal's relationship with these institutions. Addressing a group of academics and technical experts just before the first round of the election, Mr Wade criticised the way in which basic development policy documents have been formulated. Typically the documents have been drafted by experts from the donor institutions on behalf of the Senegalese government, then presented back to the donor institutions as Senegal's own policy framework. "This can't continue in the same way" Mr Wade said. "It's a basic question of dignity."

New aid agreements

Aid commitments during the past quarter include the following.

- US\$50m (CFAfr30bn) from the World Bank, for the first tranche (2000-02) of a ten-year education and training programme. The programme will aim to expand access to primary education, improve teaching quality and strengthen the decentralisation of education management.
- A grant of CFAfr1.5bn from Luxembourg, towards a CFAfr6.5bn irrigation project in the region of Thiès.

The Gambia

Political structure

| | | |
|------------------------------------|---|---------------------|
| Official name | Republic of The Gambia | |
| Form of state | Unitary republic | |
| Legal system | Based on English common law and the 1996 constitution | |
| National legislature | House of Assembly: installed on January 16th 1997, having been suspended since the military coup of July 1994; 49 members, 45 elected by universal suffrage, 4 nominated by the president; all serve a five-year term | |
| National elections | September 1996 (presidential), January 1997 (legislative); next elections due in October 2001 (presidential) and January 2002 (legislative) | |
| Head of state | President, elected by universal suffrage for a five-year term | |
| National government | The president and cabinet; last reshuffle January 2000 | |
| Main political parties | The ban on political activity was lifted in August 1996, but three pre-coup parties (the People's Progressive Party, the Gambia People's Party and the National Convention Party) are still proscribed. The ruling party is the Alliance for Patriotic Reorientation and Construction (APRC); the United Democratic Party (UDP) and the National Reconciliation Party (NRP) are the main opposition parties | |
| Key ministers | President & minister for defence | Yahyah Jammeh |
| | Vice-president & minister for health, social welfare & women's affairs | Isatou Njie Saidy |
| | Agriculture | Hassan Sallah |
| | Civil service | Mustapha Wadda |
| | Culture & tourism | Susan Waffa-Ogoo |
| | Education | Thérèse Ndong Jatta |
| | External affairs | Lamine Sedat Jobe |
| | Finance & economic affairs | Famara Jatta |
| | Interior | Ousmane Badjie |
| | Justice & attorney-general | Pap Cheyassin Secka |
| | Local government & lands | Lamin Kaba Bajo |
| | Presidential affairs, House of Assembly, civil service, fisheries & natural resources | Edward Singhateh |
| | Public works, communications & information | Sarjo Jallow |
| Trade, industry & employment | Musa Sillah | |
| Youth & sports & religious affairs | Yankuba Touray | |
| Central Bank governor | Clarke Bajo | |

Economic structure

Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|--------------------|--------------------|------------------|------------------|--------------------|
| GDP at market prices (D m) | 3,492 ^a | 3,800 ^a | 4,151 | 4,424 | 4,725 ^b |
| Real GDP growth (%) | -3.4 ^a | 5.3 ^a | 4.9 | 4.7 | 4.2 ^c |
| Consumer price inflation (%) | 7.0 | 1.1 | 2.8 | 1.1 | 2.5 ^c |
| Population (m) | 1.11 | 1.14 | 1.17 | 1.20 | 1.23 |
| Exports fob (US\$ m) | 122 ^a | 117 ^a | 117 ^a | 132 ^d | n/a |
| Imports fob (US\$ m) | 161 ^a | 214 ^a | 201 ^a | 201 ^d | n/a |
| Current-account balance (US\$ m) | -8 ^a | -48 ^a | -24 ^a | -44 | n/a |
| Reserves excl gold (US\$ m) | 106 | 102 | 96 | 106 | 104 ^e |
| Total external debt (US\$ m) | 429 | 460 | 434 | 477 | n/a |
| External debt-service ratio, paid (%) | 14.7 | 12.4 | 11.5 | 9.7 | n/a |
| Groundnut production ('000 tonnes) ^a | 79.7 | 78.8 | 78.1 | 83.7 | 90.0 ^c |
| Charter tourists ('000) ^a | 42.9 | 72.1 | 75.9 | 92.4 | n/a |
| Exchange rate (av; D:US\$) | 9.55 | 9.78 | 10.20 | 10.64 | 11.31 |

May 12th 2000 D12.3:US\$1

| Origins of gross domestic product 1998 | % of total | Components of gross domestic product 1998 | % of total |
|--|------------|---|------------|
| Agriculture | 21 | Private consumption | 76 |
| Industry | 12 | Government consumption | 17 |
| Services | 67 | Gross domestic investment | 18 |
| GDP at factor cost | 100 | Exports of goods & services | 51 |
| | | Imports of goods & services | -62 |
| | | GDP at market prices | 100 |

| Principal exports 1997 | US\$ m | Principal imports cif 1997 | US\$ m |
|--------------------------|--------|---------------------------------|--------|
| Groundnuts (shelled) | 5.1 | Food & beverages | 74.4 |
| Fish & fish preparations | 4.6 | Machinery & transport equipment | 44.7 |
| Re-exports | 99.9 | Manufactures | 26.3 |
| | | Minerals & fuel | 17.8 |

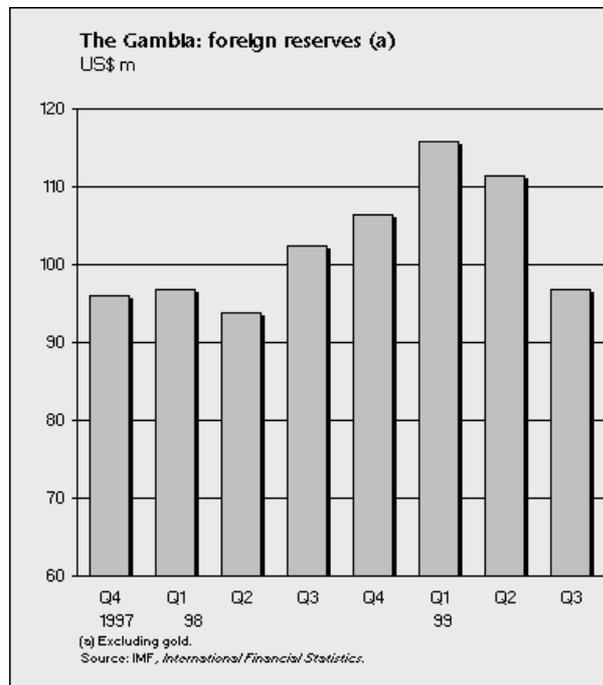
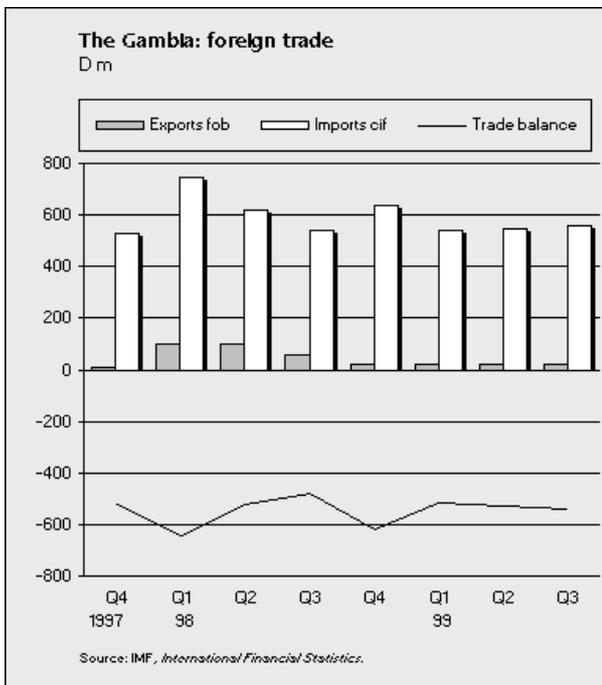
| Main destinations of exports 1998 ^f | % of total | Main origins of imports 1998 ^f | % of total |
|--|------------|---|------------|
| Belgium-Luxembourg | 72.0 | China (incl Hong Kong) | 28.1 |
| France | 7.1 | Netherlands | 7.9 |
| Japan | 6.3 | UK | 7.8 |
| UK | 3.1 | Belgium | 5.9 |
| | | Senegal | 5.3 |

^a Fiscal year ending June 30th. ^b EIU estimate. ^c Official estimate. ^d IMF estimate. ^e November. ^f Derived from partners' trade returns; subject to a wide margin of error.

Quarterly indicators

| | 1997 | 1998 | | | | 1999 | | |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr |
| Prices | | | | | | | | |
| Consumer prices (1995=100) | 103.3 | 100.8 | 103.9 | 107.4 | 108.1 | 108.3 | 108.4 | 109.8 |
| % change, year on year | 0.7 | -2.0 | -0.4 | 2.1 | 4.6 | 7.4 | 4.3 | 2.2 |
| Financial indicators | | | | | | | | |
| Exchange rate | | | | | | | | |
| D:US\$ (av) | 10.422 | 10.539 | 10.558 | 10.651 | 10.824 | 11.078 | 11.295 | 11.551 |
| D:US\$ (end-period) | 10.530 | 10.536 | 10.583 | 10.679 | 10.991 | 11.072 | 11.301 | 11.658 |
| Interest rates (%) | | | | | | | | |
| Deposit (av) | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 |
| Discount (end-period) | 14.00 | 14.00 | 14.00 | 14.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Lending (av) | 25.50 | 25.50 | 25.50 | 25.50 | 25.00 | 24.00 | 24.00 | 24.00 |
| M1 (end-period; D m) | 629.4 | 600.4 | 575.4 | 591.8 | 626.6 | 755.2 | 676.8 | 623.5 |
| % change, year on year | 38.8 | 25.1 | 10.3 | 22.5 | -0.5 | 25.8 | 17.6 | 5.3 |
| M2 (end-period; D m) | 1,190.1 | 1,170.2 | 1,176.6 | 1,218.0 | 1,311.6 | 1,426.0 | 1,421.8 | 1,366.3 |
| % change, year on year | 23.0 | 17.6 | 11.5 | 21.9 | 10.2 | 21.9 | 20.8 | 12.2 |
| Foreign trade (D m) | | | | | | | | |
| Exports fob | 7.54 | 100.42 | 98.32 | 57.31 | 21.38 | 20.43 | 20.77 | 19.03 |
| Imports cif | -527.29 | -744.51 | -619.62 | -537.52 | -637.33 | -538.54 | -548.67 | -556.61 |
| Trade balance | -519.75 | -644.09 | -521.30 | -480.21 | -615.95 | -518.11 | -527.90 | -537.58 |
| Foreign reserves (US\$ m) | | | | | | | | |
| Reserves excl gold (end-period) | 96.04 | 96.77 | 93.79 | 102.45 | 106.36 | 115.86 | 111.39 | 96.84 |

Source: IMF, International Financial Statistics.



Outlook for 2000-01

Domestic politics There is rising concern that domestic instability in The Gambia will escalate. A military coup was foiled in January, and the country was rocked by violent student demonstrations in April. President Yahyah Jammeh's continuing recourse to repression as a policy instrument indicates his growing unpopularity. Public disquiet, particularly among the unemployed youth, has been simmering for years, but the risk of civic strife is now real. In addition, the government's failure to solve the groundnuts crisis—the main marketing and processing groundnuts company, Gambian Groundnut Corporation (GGC), was closed in February 1999—may alienate the farming community, traditionally the strongest supporters of the ruling Alliance for Patriotic Reorientation and Construction (APRC). Under pressure from the international community, President Jammeh, who was attending the G77 summit in Havana, Cuba, when the student riots broke out, has promised to lead a full inquiry into the incident when security forces shot down 14 demonstrators and wounded others. However, the pledge may be no more than political rhetoric, as the judiciary is well-known for its lack of independence. This is illustrated by the high staff turnover at the Ministry of Justice and the attorney-general's office: in mid-March, Fatou Bom Bensouda, the fifth justice minister since 1994, was summarily sacked and replaced by a lawyer, Pap Cheyassin Secka.

All the evidence indicates that repression, previously confined to the harassment of political opponents, has now extended to the civilian population as a whole. There is a serious risk that the security forces, already overwhelmingly present in the country, will commit further infringements of human rights with total impunity. President Jammeh will have to ensure that The Gambia's notoriously unruly army is kept under control; without the support of the military, his position would be under serious threat well before the presidential election, now announced for October 2001.

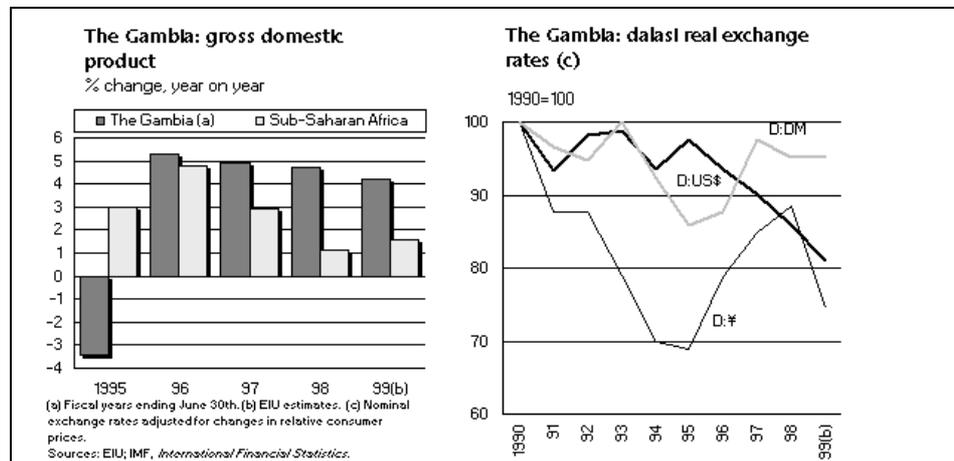
Election watch Political tension will mount in advance of the local government elections due this November. There are serious doubts whether President Jammeh will allow the polls to be equitable and transparent, and coverage in the state media will probably be unfair throughout the campaign. After a period of truce, harassment of the opposition may increase, although the abuses surrounding the 1996-97 national elections are unlikely to be repeated. In the past, the two main opposition parties, the United Democratic Party (UDP) and the National Reconciliation Party (NRP), were systematically prevented from assembling, and their leaders were rounded up on numerous occasions. However, there are signs of a change in the APRC's strategy: the unpopular July 22nd Movement, which in effect acted as a pro-Jammeh militia, has been disbanded. The APRC is now expected to concentrate on reconstituting its power base, in a bid to boost its flagging support well before the legislative election campaign starts late next year.

President Jammeh is also ambitious to play a bigger role in the international scene, and wants to win the approval of the international community. He will

therefore make sure that a seemingly free political environment exists. Similarly, harassment of the independent press will be contained—especially as what was once the leading independent newspaper, the *Daily Observer*, is now owned by a businessman close to President Jammeh. Other newspapers, fearing harassment, practice self-censorship on a regular basis.

International relations The country will continue to grow more confident in foreign relations. Over the past two years President Jammeh and his ministers have been on numerous missions abroad to consolidate old alliances and seek new ones. The country has recently won new diplomatic representation in Qatar, Libya, Morocco and Guinea-Bissau, and signed new co-operation agreements with France, Turkey, and Italy. The Gambia has also achieved success in acting as a mediator between the separatist Mouvement des forces démocratiques de Casamance (MFDC) and the Senegalese government. Following the April incident relations with Western governments will remain rather tense in the short term, but President Jammeh will seek to impress donors, most notably by ensuring the relatively smooth running of the next round of elections.

Economic forecast Rising insecurity at home may prove inimical to the country's two most important sources of foreign revenue, aid and tourism. In addition, with no appropriate measures to ensure that the groundnut crop is marketed properly, the bulk of the 1999/2000 harvest—officially estimated at 90,000 tonnes but put at 127,000 tonnes by the president—may be smuggled across the border to Senegal. Meanwhile the IMF, which approved a second annual loan under the US\$27m enhanced structural adjustment facility (ESAF) in November 1999, may withhold payments if the authorities do not show more commitment towards pushing through the programme of economic reform, including privatisation, and more urgency in solving the ongoing dispute with Alimenta, the owner of GGC. These two features may have a dramatic adverse impact on The Gambia's balance of payments (as officially recorded).



Nevertheless, the EIU takes the view that the domestic political situation will not deteriorate further and that the IMF will maintain funding support for the Gambian government. A bumper cereal harvest in 1999/2000 and a relatively sound monetary policy should keep inflation and the exchange rate under

control. On the assumption of continuing inflows of aid and tourists, and good performance in agriculture, real growth in GDP should continue to be around 4-5%, as in recent years.

The political scene

Local elections are announced

The political temperature has risen sharply since the Independent Electoral Commission (IEC), headed by Solomon Tilewa Johnson, announced that local government elections would be held on November 16th this year. This confirmed rumours that had been circulating for the past six months (4th quarter 1999, page 26). In holding local elections—the first under the 1997 constitution—the ruling party, the Alliance for Patriotic Reorientation and Construction (APRC), is hoping to revive its electoral machine, which has in the past thrived on the support of rural communities and traditional chieftaincies. Meanwhile, the Gambian opposition parties, led by the United Democratic Party (UDP) have embarked on a campaign to denounce the electoral irregularities of the past and press for a fairer, more transparent round of elections. While addressing a mass rally in Bakau in early February, the influential UDP spokesman, Lamin Waa Juwara, called for the IEC to be disbanded, arguing that its composition had remained unchanged since the 1996-97 elections, despite evidence of massive vote-rigging. He called in particular for Mr Johnson's dismissal, pointing to his incompetence and lack of integrity.

A credible UDP presidential candidate is nominated

The UDP's secretary-general, Ousainou Darboe, dropped a bombshell in late March when he announced that Sam Sallah, a retired colonel, had been nominated party president, a position that had been vacant since 1996. Mr Sallah will be the UDP's presidential candidate in 2001. Mr Darboe had posed a serious challenge to President Jammeh's election in 1997, winning 35% of the vote. The reason for Mr Darboe's decision not to contest the next round of elections is unclear, but Mr Sallah's nomination as presidential candidate is generally viewed as a sound move. Mr Sallah seems to enjoy his national and military stature—certainly no opposition candidate, including Mr Darboe, can match it. This should help the UDP to garner support from those voters opposed to the current regime who have grown increasingly frustrated with the opposition's apparent incapacity to offer a convincing political agenda instead of merely hurling invective at President Yahyah Jammeh and the APRC leadership. In his first address Mr Sallah promised that the party "will conduct its affairs in a dignified, mature and honest manner" and "will promote the politics of ideas and not the politics of insults".

Students riot and 14 are killed

On April 10th an event took place which led to violence not seen since President Yahyah Jammeh seized power in a coup in 1994. Around one hundred students and school pupils took to the streets of Greater Banjul to protest at the slow pace of justice in the prosecution of five officers in Brikama, accused of torturing to death a student, Ebrima Barry, in early March, and of an unidentified uniformed officer, alleged to have raped a 13-year-old schoolgirl.

Tear gas was used to disperse the march, but the situation degenerated into serious confrontation and armed police opened fire on students, killing 14 and wounding several. There was widespread looting and arson, and some strategic buildings, most notably the national television station and the central post office, as well as the premises of the *Daily Observer*, were vandalised. Schools were closed on the following day, as rioting threatened to spread outside the capital. In Brikama a gathering of some 500 students also became violent, and the fire station was wrecked and set ablaze.

In a statement to the press, the government accused the Gambian student union of being entirely responsible for the mayhem. It then claimed that investigations into Ebrima Barry's death and the alleged rape had been completed, that the accused were being kept in custody, and that justice was following its course. According to press leaks, however, the official autopsy reported that Ebrima Barry had died of natural causes. The minister of the interior, Ousmane Badjie, later denied that security forces had used live ammunition to disperse the student demonstration.

Condemnation by human rights organisations

Although they condemned both students and security forces for the violence, local human rights organisations reminded the authorities that "freedom to assemble and demonstrate peacefully" was part of the country's constitution. They urged the secretaries of state for education and the interior, as well as police and army commanders, to desist from arbitrary arrests, detentions and assaults; to prosecute those responsible for the killings; and to establish an independent commission of inquiry to look into the incident. According to the US State Department's 1999 report on human rights practice, The Gambia's record is poor. Violations include: the official harassment of opposition parties; arbitrary arrests and the mistreatment of prisoners; the courts' lack of independence; a culture of impunity among members of the security forces; limited freedom of the press owing to intimidation and fear; and restrictions on freedom of assembly and association.

Relations with African neighbours are reinforced

Despite the unrest at home, President Jammeh and the foreign affairs minister, Lamine Sedat Jobe, have continued to concentrate on building up the country's foreign relations. The Gambia has gained kudos as a peace broker in neighbouring Guinea-Bissau and Senegal, while its leaders appear statesmanlike at regional African summits. In March Mr Jobe acted as a mediator in domestic talks in Guinea-Bissau, allegedly to defuse tension between the newly elected president, Kumba Ialá, and the former military junta leader, General Ansumane Mané. In February The Gambia officially became a member of the Community of Sahelian-Saharan States (Comessa), with Mr Jobe taking part in a regional summit in N'Djamena (Chad). The organisation, which now comprises 11 African countries, was created by the Libyan leader Colonel Qadhafi in 1998. As a fervent Muslim, Colonel Jammeh has always been particularly vocal in his support of the Libyan leader, paying numerous visits to Tripoli despite the UN sanctions imposed on Mr Qadhafi's regime in 1992.

Economic policy and the domestic economy

The groundnut marketing crisis continues

Despite a series of official announcements since the beginning of the year, the government has yet to provide a solution to the country's ongoing groundnut crisis. This crisis arose after the government seized the main groundnut marketing company, the Gambia Groundnut Corporation (GGC), in February 1999: 1st quarter 1999, pages 34-35. In an address to the nation in early March, President Jammeh attributed the crisis to private groundnut operators. He said that of the 127,000 tonnes produced in the 1999/2000 season, 60,000 tonnes were left unsold. Little was said about the remaining 67,000 tonnes, however, leading observers to think that most of the 1999/2000 harvest—like some of the 1998/99 crop—has been smuggled across the border to Senegal. A delegation from Alimenta, the former GGC's Swiss-based parent company, was due to arrive by the end of April, with a view to beginning talks with the government on reopening the GGC. Meanwhile, government officials have claimed that D95m (US\$21m) will soon be disbursed to purchase groundnuts. It was rumoured that an additional D2m would be injected into the renamed GGC—now known as Denton Bridge Facilities—to make it operational.

Eskom proposes to invest in power capacity

The South-African state-owned electricity company, Eskom, has announced its intention to invest in the Gambian energy sector. The state-owned National Water and Electricity Company (Nawec) manages the Kotu, Farafenye and Kerewan oil-fired generating plants, but the 29-mw capacity at these installations is inadequate and power cuts are frequent. The shortfall has become even worse since maintenance work started at one of the power stations at the beginning of this year. A deal with a Côte d'Ivoire-based electricity firm, Bassam Development Corporation (BDC), to take over Nawec fell through last year (4th quarter 1999, page 30). Eskom is hoping to boost the country's electricity capacity to 39mw. In late February the Nawec managing board was sacked, only nine months after being appointed.

Foreign trade and payments

More concessional funding

In February the African Development Bank (ADB) announced that it had agreed to disburse US\$7.91m to finance a community skills improvement project in The Gambia. This will include a grant of US\$1.96m, and the remainder will be on highly concessional terms, with repayment spread over 50 years and a 10-year grace period. The project aims to strengthen the capacities of implementing agencies by providing training and micro-credit facilities.

Foreign debt rose by one-tenth in 1998

According to the latest issue of the World Bank's *Global Development Finance*, The Gambia's external debt stock totalled US\$477m by the end of 1998, some US\$43m higher than at end-1997. This represented a relatively sharp increase after a period of five years when debt fluctuated narrowly around the US\$430m

level (with the exception of 1996), but after sustained economic growth the ratio of external debt to GNP shows little change on the preceding six years, at 117%. This is a high ratio, but is sustainable given that around 90% of liabilities are on concessional terms. As a result the debt-service ratio has been low—it has been falling steadily since 1996, reaching a very manageable 9.7% in 1998. Borrowing from multilateral institutions, particularly the International Development Association, the World Bank's soft loan agency, has accounted for the majority of public and publicly guaranteed long-term debt, all of which has come from official sources since 1996 (and virtually so since 1994).

The Gambia: external debt

(US\$ m unless otherwise indicated; % of total debt in brackets)

| | 1996 | 1997 | 1998 |
|------------------------|-----------------|-----------------|-----------------|
| Long-term debt | 419.7 (95.1) | 411.1 (97.0) | 451.3 (96.8) |
| of which: | | | |
| concessional | 401.7 (87.4) | 397.8 (91.6) | 434.7 (91.1) |
| Official multilateral | 327.8 (71.3) | 326.4 (75.1) | 355.7 (74.5) |
| Official bilateral | 91.8 | 84.7 | 95.5 |
| Use of IMF credit | 17.6 | 10.2 | 10.4 |
| Short-term debt | 22.4 | 13.1 | 15.3 |
| Total external debt | 459.6 | 434.4 | 477.0 |
| (% of GNP) | 119.3 | 108.9 | 116.7 |
| Debt service payments | 28.0 | 26.7 | 26.1 |
| % of external earnings | 12.4 | 11.5 | 9.7 |

Source: World Bank, *Global Development Finance*.

Mauritania

Political structure

| | | |
|------------------------|--|------------------------------------|
| Official name | République Islamique de Mauritanie | |
| Form of state | Arab and African Islamic republic | |
| Legal system | Strongly influenced by the sharia (Islamic law), based on the 1991 constitution | |
| National legislature | The bicameral parliament consists of the Senate, with 54 members, one-third of whom are indirectly elected for a six-year term every two years, and the National Assembly, lower house whose 79 deputies are directly elected every five years | |
| National elections | October 1996 (National Assembly); December 1997 (presidential); next elections due in October 2001 (National Assembly) and December 2003 (presidential) | |
| Head of state | President, elected for a renewable six-year term of office; current incumbent re-elected in December 1997 | |
| National government | The president and his appointed Council of Ministers; last reshuffle November 1998 | |
| Main political parties | Of the 22 registered political parties, the largest are: Parti républicain démocratique et social (PRDS, the ruling party); Action pour le changement (AC); Rassemblement pour la démocratie et l'unité (RDU); Union des forces démocratiques-Ere Nouvelle (UFD-EN); Union des force démocratiques (UFD) | |
| | President | Maaouya Ould Sid'Ahmed Taya |
| | Prime minister | Cheikh El Avia Ould Mohamed Khouna |
| Key ministers | Secretary-general of the Presidency | Sidi Mohamed Ould Boubacar |
| | Foreign affairs & co-operation | Ahmed Ould Sid'Ahmed |
| | National defence | Kaba Ould Elewa |
| | Justice | Mohamed Salem Ould Merzo |
| | Interior, posts & telecommunications | Dah Ould Abdel Jelil |
| | Finance | Camara Aly Galadio |
| | Economic and development affairs | Mohamed Ould Nani |
| | Fisheries & maritime economy | Mohamed El Moctar Ould Zamel |
| | Trade, crafts & tourism | Ahemdy Ould Hammady |
| | Mines & industry | Ishagh Ould Rajel |
| | Rural development & environment | Mohamed Ould Sid'Ahmed Lekhal |
| | Transport & equipment | N'Gaidé Lamine Kayou |
| | Water & energy | Cheikh Ahmed Ould Zahav |
| | Health & social affairs | Diyé Bâ |
| | Education | S'Ghaïr Ould M'Bareck |
| | Civil service, labour, youth & sports | Baba Ould Sidi |
| | Culture & Islamic affairs | Isselmou Ould Sid'El Moustaph |
| | Information & parliamentary relations | Rachid Ould Saleh |
| | Women's affairs | Mintata Mint Hedeid |
| Central Bank governor | Mahfoud Ould Mohamed Ali | |

Economic structure

Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999 ^a |
|---------------------------------------|--------|--------|--------|--------|--------------------|
| GDP at market prices (UM bn) | 137.3 | 150.1 | 166.7 | 187.8 | 203.1 |
| Real GDP growth (%) | 4.6 | 4.7 | 4.5 | 3.5 | 4.1 |
| Consumer price inflation (av; %) | 6.6 | 4.7 | 4.5 | 8.0 | 5.4 |
| Population (m) | 2.28 | 2.35 | 2.39 | 2.42 | 2.45 |
| Exports fob (US\$ m) | 476 | 484 | 413 | 369 | 375 |
| Imports fob (US\$ m) | 293 | 438 | 386 | 389 | 398 |
| Current-account balance (US\$ m) | 22 | -144 | -99 | -113 | -109 |
| Reserves excl gold (US\$ m) | 86 | 141 | 201 | 203 | 224 |
| Total external debt (US\$ m) | 2,350 | 2,412 | 2,453 | 2,135 | 2,082 |
| External debt-service ratio, paid (%) | 22.9 | 22.2 | 25.6 | 18.6 | n/a |
| Iron ore exports ('000 tonnes) | 11,514 | 11,158 | 11,689 | 11,850 | 11,042 |
| Fisheries exports ('000 tonnes) | 287 | 366 | 198 | 183 | n/a |
| Exchange rate (av; UM:US\$) | 129.8 | 137.2 | 151.7 | 189.0 | 206.0 ^b |

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| Origins of gross domestic product 1997 | % of total | Components of gross domestic product 1997 | % of total |
|--|------------|---|------------|
| Agriculture & fishing | 24.7 | Private consumption | 78.0 |
| Manufacturing | 10.9 | Public consumption | 13.4 |
| Mining | 10.7 | Gross fixed investment | 17.5 |
| Construction | 9.5 | Exports of goods & services | 39.6 |
| Services & others | 44.1 | Imports of goods & services | -48.6 |
| GDP at factor cost | 100.0 | GDP at market prices | 100.0 |

| Principal exports 1997 | % of total | Principal imports 1996 | US\$ m |
|------------------------|------------|------------------------------|--------|
| Iron ore | 52.4 | Energy & mineral products | 129 |
| Fish & fish products | 47.6 | Food & agricultural products | 116 |
| | | Machinery & equipment | 67 |
| | | Consumer goods | 22 |

| Main destinations of exports 1998 ^c | % of total | Main origins of imports 1998 ^c | % of total |
|--|------------|---|------------|
| Japan | 18.2 | France | 26.8 |
| France | 17.0 | Belgium-Luxembourg | 8.9 |
| Italy | 15.8 | Germany | 7.4 |
| Spain | 10.6 | Spain | 6.9 |

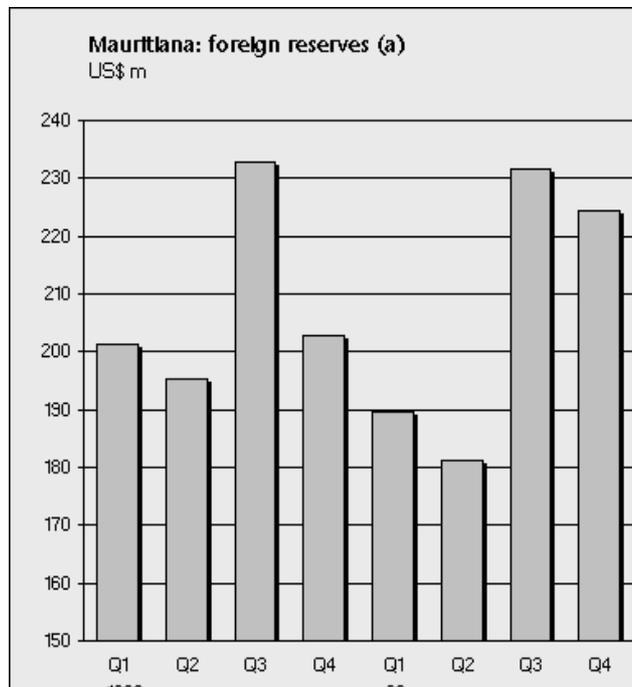
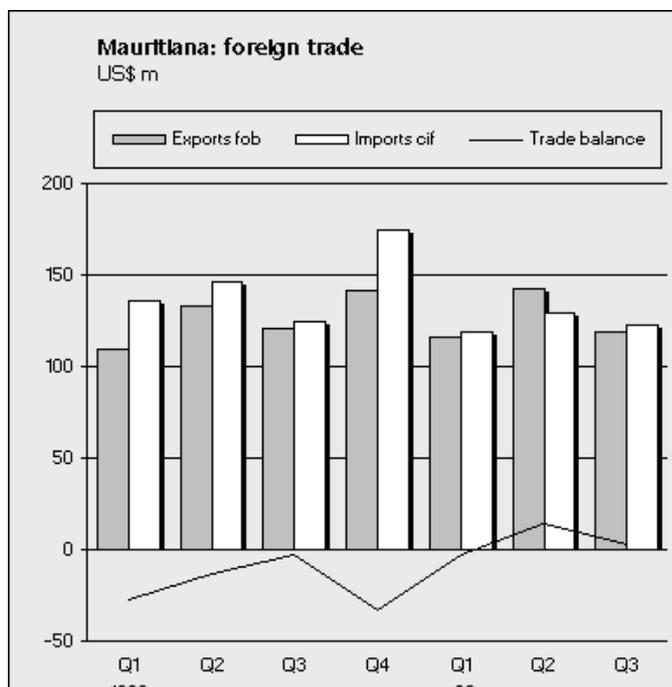
^a EIU estimates. ^b Actual. ^c Derived from partners' trade returns; subject to a wide margin of error.

Quarterly indicators

| | 1998 | | | | 1999 | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr |
| Prices | | | | | | | | |
| Consumer prices | | | | | | | | |
| Mauritanian households (1995=100) | 115.5 | n/a |
| % change, year on year | 7.1 | n/a |
| Financial indicators | | | | | | | | |
| Exchange rate | | | | | | | | |
| UM:US\$ (av) | 171.98 | 176.89 | 200.87 | 204.16 | 205.11 | 206.74 | 210.51 | 215.69 |
| UM:US\$ (end-period) | 177.04 | 179.11 | 205.52 | 205.78 | 207.22 | 209.33 | 213.54 | 225.00 |
| M1 (end-period; UM m) | 17,884 | 17,786 | 23,466 | 23,358 | 18,923 | 24,451 | 19,521 | 24,617 |
| % change, year on year | 5.7 | 4.1 | 32.4 | 32.9 | 5.8 | 37.5 | -16.8 | 5.4 |
| M2 (end-period; UM m) | 27,131 | 27,007 | 27,422 | 27,786 | 28,334 | 28,132 | 28,045 | 28,383 |
| % change, year on year | 5.3 | 3.4 | 1.9 | 4.1 | 4.4 | 4.2 | 2.3 | 2.1 |
| Foreign trade^a (US\$ m) | | | | | | | | |
| Exports fob | 109.1 | 133.0 | 121.2 | 141.3 | 116.5 | 142.7 | 119.1 | n/a |
| Imports cif | -136.3 | -146.1 | -124.5 | -174.4 | -119.1 | -128.9 | -122.4 | n/a |
| Trade balance | -27.2 | -13.1 | -3.3 | -33.1 | -2.6 | 13.8 | -3.3 | n/a |
| Foreign reserves (US\$ m) | | | | | | | | |
| Reserves excl gold | | | | | | | | |
| (end-period) | 201.4 | 195.4 | 232.7 | 202.9 | 189.7 | 181.3 | 231.5 | 224.3 |

^a DOTS estimates.

Sources: IMF, International Financial Statistics; IMF, Direction of Trade Statistics.



Outlook for 2000-01

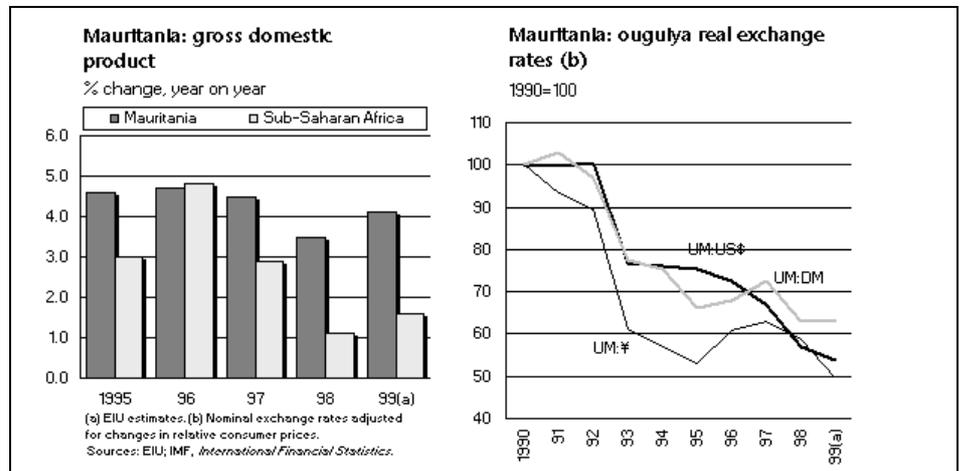
Domestic politics After several years of indifference towards the main opposition parties, the ruling Parti républicain démocratique et social (PRDS) is now developing small initiatives designed to encourage their wider participation in politics. The highest profile move has been the direct invitation to the former president, Mokhtar Ould Daddah, to return home after almost 20 years of voluntary exile. In addition, minor administrative measures are slowly chipping away at the list of grievances presented by the opposition as conditions for its normal participation in the political process. Difficulties in producing a new forgery-proof national identity card seem to have been surmounted at last, and judicial reforms (also long-promised but slow to emerge) are gradually restoring credibility and public confidence in the system.

These moves are unlikely to be enough to induce the opposition to participate in the legislative election due in October 2001. The Front des partis de l'opposition (FPO), the group of five parties which claims widespread popular support, has dismissed the initiatives. It maintains its demand for fully independent bodies to be set up to oversee the "evolution towards a truly democratic society" in Mauritania. This demand is wholly unpalatable for the current administration, as it entails the total abdication of authority of the Ministry of the Interior and other government agencies in the management of elections and registration of voters. The deadlock is therefore likely to continue.

International relations The political storm created by Mauritania's full diplomatic recognition of Israel in October 1999 is settling, if slowly, and relations with Algeria and other Arab countries are now seemingly on the mend. But the cool relations with France will persist for a few more months. France has made known—in the strongest terms—its displeasure at the disappearance of a military officer, facing charges of torture in France and granted conditional bail, who resurfaced in Mauritania where he has been granted amnesty for the crimes he was charged with in France. There is little chance that he will be extradited as this would create uproar in Mauritania, and the case will remain a sore point. However, official positions will soften in time. The issue has been an embarrassment for both Nouakchott and Paris, and the officer's departure from France has at least averted a court judgement against him which would have poisoned relations. French aid continues to flow to Mauritania, and Paris also supported Mauritania's recent request for debt relief at the Paris Club.

Economic forecast Unusually good rainfall in the 1999-2000 crop year should allow a further improvement in the rate of GDP growth this year, to around 5%, from an estimated 4.1% in 1999 and 3.5% in 1998. The cereal crop is forecast to rise by one-fifth, improving the livelihood of the rural population in the south of the country, recently badly hit by flooding. Herding and animal husbandry are also expected to do well. Although these sectors have limited domestic linkages, the improvement in world prices for fish and iron ore will enhance both government revenue and export receipts. With the import bill lightened by better domestic food supply, the merchandise trade account should move back

into the black—if still modestly. The payments situation will also benefit when the debt relief recently accorded by the Paris Club takes effect. The more substantial relief available through the heavily indebted poor countries (HIPC) initiative has a policy condition attached—the implementation of specific policies and programmes aimed at ensuring good governance and eradicating poverty—which will demand sustained commitment from the present regime.



The political scene

President offers an olive branch to Ould Daddah

@VS = One of the last actions by Dah Ould Abdi, Mauritania's outgoing ambassador to France, was to carry a letter from President Ould Sid'Ahmed Taya to ex-president Mokhtar Ould Daddah, now living in voluntary exile in Nice, inviting the former leader to return home. News of the initiative was immediately dismissed by opposition leaders as a ploy by the authorities to gain credit for brokering Mr Daddah's return, thereby reducing the opposition's influence both at home and overseas. Mr Ould Daddah has lent his name and authority to the radical opposition, for whom he has become a symbol. The initiative seems doomed to failure, in the short term at least. Mr Ould Daddah may not have rejected the offer out of hand, but he stipulated several conditions that had to be met before he could return. In a letter to the president, published in the opposition newspaper *La Tribune*, the exiled leader said he would like to return home, but wanted an audit of all the major problems facing the country, the establishment of a transitional council to organise democratic and transparent elections, and a declaration from Maaouya Ould Sid'Ahmed Taya that he would not seek a further term as president (an election is due in December 2003). According to the paper, the letter from President Ould Taya had promised Mr Ould Daddah that "all possible conditions" would met in order to facilitate the former president's return "in an appropriate manner".

Captain Ould Dah jumps bail

The Ould Dah affair has taken a dramatic turn in the past month. Captain Ely Ould Dah, on bail in France on charges of "disturbing national and

international public order by racist actions”, secretly left the country in early April, and soon afterwards he appeared on the state-run television channel in Mauritania. The charges are based on accusations of the torture of two negro Mauritanian officers during interrogations in 1991, following an alleged plot to overthrow the government. The captain had been arrested last July, while on a military training course in southern France. The court in Montpellier granted him conditional bail at a first hearing in September, but limited his movements to the infantry camp—where he was temporarily resident—and neighbouring areas. A further hearing in mid-March refused defence appeals that the charges be dropped, and fixed a further court appearance for July (when the captain would, theoretically, have completed his military course and risked having his bail terms revoked). One of the captain’s defence lawyers, Luc Abratkiewicz, confirmed that the officer left France without seeking permission from French judicial authorities and without informing his lawyers of his intentions. He added that the examining magistrate would issue an international warrant seeking the officer’s arrest, but such a warrant would not be executed in Mauritania as the captain had already been amnestied for the crimes for which he was arrested in France. The Mauritanian authorities granted an amnesty in 1993 to all those implicated in criminal actions committed between 1989 and 1992, a period when several members of the southern negro population of Mauritania sought refuge in Senegal following an outbreak of inter-communal violence. Anger at France’s refusal to recognise this amnesty caused a rupture in military relations (with the recall of officers from both countries) and the imposition of visitor visas for French citizens travelling to Mauritania (4th quarter 1999, page 36).

Mr Ould Tayah avoids the French president

The diplomatic row between France and Mauritania has caused President Ould Taya to curtail his overseas trips. He was unable (or unwilling) to represent his country at the Africa-Europe summit in Cairo in early April, and failed to attend the funeral of the former Tunisian president, Habib Bourguiba. On each occasion he would have been forced to meet the French president and possibly answer some difficult questions regarding issues outstanding between them.

Relations between the two countries will take some time to return to normal. There is, understandably, French anger not only at the captain’s flight, but also at the open celebration of his safe return to Mauritania, as demonstrated by a presenter on the state-run television channel. According to a *Quai d’Orsay* spokesperson for the French foreign ministry, Paris would examine the situation created by Captain Ould Dah’s departure, and might eventually seek his extradition.

Senatorial election produces few surprises

One-third of the places in Mauritania’s 54-seat Senate were due for renewal in April. The vote is indirect, with an electoral college comprising municipal councillors elected within the senatorial constituencies. In all, 26 candidates presented themselves. As expected, and in keeping with past practice, the mainstream opposition boycotted the exercise and the bulk of the candidates (16 of them) campaigned under the banner of the ruling Parti républicain démocratique et social (PRDS). Seven candidates claimed no official sponsorship, and the small Rassemblement pour la démocratie et l’unité

(RDU—loosely affiliated to the majority party) backed two candidates. Only one candidate claimed to be in the opposition: Tidjane Koita. Mr Koita sought re-election as the senator for Kaédi and leader of the small Union nationale pour la démocratie et le développement (UNDD), which he created after leaving the opposition Action pour le changement (AC). Unusual features of the election were the nomination, by the PRDS, of two female candidates—the first women to seek Senate seats—to represent the Assaba town of Ould Yenge and the northern town of Bir Mogrein, and the re-presentation of the Senate president, Dieng Boubah Farba, to represent El-Mina (Nouakchott).

The ballot produced few surprises. The PRDS won 13 seats and two went to independents. Second ballots were required in only two cases, Kaédi and Ould Yenge. Despite the opposition plea for a boycott, the participation rate was an estimated 80%—unsurprising, given that all except a few of those entitled to vote belong to the ruling party or its affiliates.

New identity card creates inter-departmental dissent

Shortly after the national administrative census of September 1998, President Ould Taya announced that a new forgery-proof identity card would soon be issued to all Mauritians. They are still waiting. One of the reasons for the delay, according to various reports, is disagreement between various branches of the administration over who should control the exercise. The project was initially given to the National Security Directorate, but oversight was granted to a newly created National Identity Card Directorate, within which the role of the interior ministry was reduced to the advantage of the secretariat for the civil registry. The president grew tired of the inter-departmental squabble, which has delayed preparation of the new cards, and decreed that the new document should be ready by the end of March.

The establishment of reliable proof of identification has been one of the conditions for participation in elections set by Mauritania's radical opposition. The leaders of the Front des partis de l'opposition (FPO) were summoned to the Ministry of the Interior in early April to be told by the minister, Dah Ould Abdel Jelil, that new identity cards would be issued to all those entitled to them within the next 18 months. Leaving the interview the political leaders said they were disappointed to have learnt nothing new, and claimed the purpose of the meeting was to publicise promises from the administration that had already been made much earlier. In any case, they said, the printing and distribution of the cards was no proof that future elections would be free and fair, as the exercise was in the hands of the authorities organising the elections. They also repeated their list of grievances, notably by calling for the establishment of an independent electoral commission, an end to press censorship, and freedom to demonstrate and hold meetings without seeking prior ministerial approval.

Census preparations begin

The cartographic phase of a new national census started in early March. Teams of mapmakers will spend six months drawing up plans of administrative areas, which will be used for designating samples for the general population census. Originally planned to start in March, the census is now expected to begin in November this year. Funding has been secured from the UN Population Fund, Japan, the EU and the World Bank.

- Soldiers are accused of dealing in arms
- A number of soldiers from the military garrison at Atar in northern Mauritania were arrested in April on suspicion of trafficking in arms. Few details of the arrests were given, but independent sources indicate a possible link with supplies of weapons to armed bands operating in northern Mali and eastern Mauritania. Civilians were among the dozen or so people arrested.
- L'Eveil Hebdo* is suspended for one month
- The Paris-based press organisation, Reporters sans frontières (RSF), has joined domestic protests at the suspension—under the infamous Article 11 of the press law—of the weekly newspaper *L'Eveil Hebdo*. RSF appealed for the swift repeal of the press law, and pointed out that since its approval it had been used on several occasions to suspend, ban or censure the independent press. According to the official press release, the opposition-backed newspaper was banned for one month (from mid-February), following the publication of an article referring to Islamic terrorist networks in Mauritania.
- Saharan neighbours seek better border security
- Ministers of the interior representing Algeria, Mali, Mauritania and Niger met in Algiers in early March to discuss crossborder smuggling and related problems. They decided to introduce measures to increase border security that would, if implemented, make their co-operation a good example for other developing nations. No detailed measures were produced, but a final declaration said recommendations had been made to increase co-operation in preventing crossborder smuggling of weapons and goods, drugs trafficking and clandestine immigration.
- Mauritania boycotted a meeting of Arab ministers of the interior held in Algiers at the end of February, after the deterioration in relations between the two countries following Mauritania's recognition of Israel (1st quarter 2000, page 36). Its participation in the quadripartite talks has therefore been interpreted by several observers as indicating a gradual return to the previous good relations it enjoyed with these countries.
- FLAM welcomes the change of leadership in Senegal
- The black Mauritanian liberation movement, Forces de libération africaine de Mauritanie (FLAM), has high hopes that the accession of Abdoulaye Wade to the presidency in Senegal will mark a change in the fortunes of the thousands of Mauritanian exiles still living in refugee camps in northern Senegal. A press communiqué published in Dakar said that the restoration of civil rights to Mauritanian exiles would be a precursor to strong, stable relations between the two countries. FLAM claims there are still around 55,000 Mauritians living in Senegal, forced to flee their homes in the aftermath of racial tension in 1989. The governments of Senegal and Mauritania settled their differences in 1992, and since then the refugees have been left to fend for themselves. Mauritania now denies that any refugees exist, stating that all those with a proven right to return have long been free to do so.
- Mauritania and Israel make parliamentary links
- A delegation from the Knesset (the Israeli parliament) visited Nouakchott in early April, attending a series of meetings with members of the executive and legislature. The leader of the group, Naomi Chazan, thanked the president and the people of Mauritania for their "courageous decision" to normalise relations with Israel and said the visit marked a new phase in the development of Israel's

ties with the Arab world. Mrs Chazan added that she hoped for a reciprocal visit from Mauritanian deputies in the near future and a cementing of contacts established in the newly formed bilateral parliamentary association. The Knesset deputies travelled to the north of the country where, it is hoped, various bilateral projects linked to oasis development and the fight against desertification will soon receive Israeli backing. The Israeli visitors were escorted by a sizeable contingent of security officers. Many Mauritians have yet to accept the government's stance on Israel, and Arab nationalist and religious leaders, in particular, continue to call for a reversal of the policy.

The Chinese foreign minister visits

The Chinese foreign minister, Tang Jiaxuan, made Nouakchott the first stop on an eight-day visit to four African countries in mid-February. Mauritania, which has criticised Taiwan for failing to seek a rapprochement with Beijing, has high hopes of receiving further Chinese aid. China has been involved in a number of public infrastructure projects in Mauritania since 1967, when diplomatic relations were established, most notably the "friendship" port of Nouakchott. During his visit the Chinese minister handed over the keys to new offices at the presidential palace, built by China under a loan agreement worth US\$10m. A new economic and technical co-operation agreement was also signed—no details are currently available.

The UN envoy cancels his visit to Mauritania

The former US secretary of state, James Baker, was due to visit Mauritania in early April, after trips to Morocco and Algeria at the behest of the UN secretary-general, Kofi Annan. His job was to discuss, with all concerned, the possibilities of holding the long-delayed referendum on the future of the Western Sahara. However, illness caused him to cancel the final (Mauritanian) leg of his tour, where he had been due to speak with President Ould Taya.

The UN Mission for the Referendum in Western Sahara (MINURSO), comprising some 300 military observers, troops and police, has been trying to organise the referendum while monitoring a ceasefire between Morocco and the Algeria-based Polisario Front since September 1991. However, arguments over who should be allowed to vote have led to repeated postponements. France has echoed Kofi Annan's doubts over whether a referendum will ever take place, but said it would use its influence with Morocco to seek a solution. Before returning to Washington Mr Baker told reporters that the referendum question "remained alive", but disagreed with Polisario representatives who said outstanding problems could be solved in a few months.

Hamotti Ould Rabani, the representative of the Polisario Front in Mauritania and a member of the organisation's permanent committee, was escorted out of Mauritania in mid-February, after making an inflammatory statement accusing Mauritania of seeking good relations with Morocco to the detriment of the Sahrawis. The new leader of the Sahrawi community in Mauritania, appointed in mid-March, is Saad Bouh Ould Ammeida.

Economic policy

- The Air Mauritanie privatisation takes off
- The privatisation of the national airline, Air Mauritanie, has begun. A pre-qualification notice was issued in January, inviting interested companies or consortia to bid for 65% equity (leaving the government with 10%), with a view to managing the company with full independence. The offer document hints that Air Mauritanie could operate to all the countries covered by its agreement with Air Afrique (which has an equity stake in the Mauritanian carrier), as well as destinations in the Canary Islands and Europe.
- Civil servants get a pay rise
- In early March civil service wages and benefits were increased by 8%. This comes after a long period when official salaries and the minimum wage remained static while the cost of living rose by 5-8% a year. Official salaries and the minimum wage are both very low: the monthly minimum wage (salaire minimum interprofessionnel garanti) is just over UM8,000 (US\$35.2), covering little more than the price of a 50-kg sack of rice, and the starting wage for a qualified civil servant is just UM15,000. The opposition was quick to play down the significance of the wage increase, pointing out that it did not make up for the fall in living standards, and arguing that a broader incomes policy was necessary, taking into account social security and housing benefits and ensuring a fairer distribution of the benefits of growth.
- The Central Bank issues new banknotes
- In March the Central Bank of Mauritania circulated the first issues of new notes in denominations of UM500 and UM1,000 (equivalent to US\$2.20 and US\$4.40). Previous issues of these denominations will remain valid for an unspecified transition period. The bank claimed the new notes were forgery proof and designed to protect the value of the currency—indicating that the likely reason for the change was the wide circulation of counterfeit notes using the previous design.
- AMU partners restate wish for improved ties
- In February Algeria, Morocco and Tunisia re-stated their hope that the Arab Maghreb Union (AMU) will become a dynamic forum for regional economic exchange and integration. The three countries, meeting at the 11th anniversary of the organisation (Mauritania and Libya were both absent), said the decision to link the countries was a “strategic choice and a historical aspiration”. The Tunisian leader, Zine El Abidine Ben Ali, regretted recent difficulties in developing the regional economic group—it has been moribund for the past five years—but hoped that improving relations would soon bring new energy to the initiative.

The domestic economy

Agriculture and fishing

- A new fisheries code is imminent
- A workshop staged in Nouakchott in March was the occasion for the fisheries minister to announce the imminent publication of a new fisheries code.

Speakers at the workshop, which was organised around the theme of sustainable fishing and respect for nature, warned that several species in Mauritanian waters are facing extinction. Overfishing and non-compliance with current regulations—on the part of both national and foreign fishermen—were identified as the causes; specific problems cited were the use of small-mesh nets, lack of respect for breeding zones, and the absence of verification. Several foreign vessels fail to land catches in Mauritania—notably European vessels operating under the terms of the EU fisheries accord, due to expire in 2001. The minister gave no details of the new fisheries code, but hinted that the subjects discussed at the workshop would feature in the new document.

France and Europe give grants for fisheries

France has granted FF10m (US\$1.4m) for fisheries management and the improvement of the maritime environment. Announced in March, the funding will be used to set up a fisheries management system “compatible with natural regeneration capacities”, to develop the coastline, to protect coastal waters (with anti-pollution equipment) and support artisanal fishing activities.

In addition the EU has donated US\$7.1m to Mauritania to purchase a pollution monitoring and echo-sounding vessel. The boat will identify important shoals, guiding fishermen to potentially well-stocked areas, while keeping track of the condition of coastal waters. The fourth of its type, the ship can remain at sea for four days without refuelling.

Senegalese fishermen recover their equipment

Mauritania has returned engines, canoes, nets and other equipment seized from Senegalese fishermen whose boats have strayed into Mauritanian waters near the mouth of the Senegal river in recent months. This initiative, described by Mauritania as a gesture to reduce tension, followed a meeting between regional authorities on the two sides of the border—Trarza in Mauritania and Saint-Louis in Senegal. Maritime patrols have been increased by Mauritania over the past couple of years, much to the displeasure of local fishermen who dispute the imposition of an “artificial” border line through their ancestral fishing grounds. Boats from Guet Ndar and other Senegalese villages are now required to pass through two border checkpoints and show permits before entering Mauritanian waters. Procedures are to be modified, with boats being registered and numbered. Mauritania has agreed to issue 250 to 400 licences, to meet the demands of the fishermen.

The SMCP will lose its monopoly on fish sales

The Société mauritanienne de commercialisation de poisson (SMCP) is set to lose its monopoly on sales of fish in Mauritania. At a sale in late February a number of European merchants and producers formed an association to participate in negotiations with foreign purchasers. Hitherto, the SMCP handled the sales in a manner that excluded sellers from any contact with potential purchasers. Now the SMCP will propose contracts to the producers’ group, which it will be free to accept or refuse, as well as choosing the time of the sale. The SMCP will therefore act only as a middleman and auctioneer, a role more in keeping with its character since its privatisation. Foreign operators had been criticising the company, hinting at favouritism and undercover dealings between the SMCP and some leading Mauritanian operators. The change will allow the SMCP to reduce its operations in Las Palmas (the site of

many of the sales), and the European example is likely to be followed by other groups, notably those trading primarily with the Far East.

Mining

Rex makes further claims In recent months the Canadian diamond mining company, Rex Mining, has issued a series of press statements claiming it has made major diamond discoveries in Mauritania (1st quarter 2000, page 43). However, doubt has been cast on the validity of these claims; some observers attribute the press releases to the company's need to boost its share value, following its forced closure in Sierra Leone. Rex has denied such allegations, issuing a detailed statement describing the survey methods used. The company claims that more than 100 diamonds have been discovered, mostly of gem quality, and states that when the major deposit is located it will install a bulk sampling plant to process several thousand tons of ore and indicate more precisely the area's potential total output. If the major discovery takes place during this year, as expected, commercial production should begin by 2004. Rex points out that the provisional life-span of similar mines is at least 50 years, and has hinted that the absence of soil erosion in the desert region should lead to largely intact diamond pipes below the surface. The company's managing director spoke of expected earnings, based on current knowledge, of around US\$400m a year.

Foreign trade and payments

Paris Club debt relief is disappointing Mauritania has reached an agreement with its bilateral creditors in the Paris Club for the cancellation of US\$80m of its outstanding debt and the rescheduling, over two years, of up to US\$380m. The deal, which covers about 90% of outstanding debt service charges, was presented in Mauritania as a major success but was rather less than Nouakchott had originally hoped for. Following Mauritania's recent qualification for debt relief under the enhanced heavily indebted poor countries (HIPC) initiative (1st quarter 2000, page 44), the government had sought cancellation of US\$620m. However, bilateral creditors preferred to err on the side of caution. Indeed, according to unconfirmed reports, a pre-meeting report to the Paris Club noted that Mauritania's debt was "unsustainable" despite all previous rescheduling initiatives. It cited a debt/exports ratio of over 356% and a debt/GNP ratio of 160%. It referred to the complete failure of efforts to modify the exchange control regime and unconvincing results from "so-called" structural reforms.

Meanwhile reports from Washington indicate the HIPC initiative may experience difficulties before it can come into force. It is thought likely that new strategies from the donor community will be needed, including the tying of debt relief to the disbursement of counterpart funds by the recipient government on specific projects and programmes aimed at reducing poverty. Such strategies will take some time to define and put into place.

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- AFD head visits Mauritania Antoine Poullieutte, head of the French Agence française de développement (AFD), paid a brief working visit to Mauritania in March. A range of projects receiving French funding were discussed, notably in the areas of urban development and poverty reduction (where France is working in association with multilateral donor institutions such as the World Bank), and artisanal fishing (where two protocols worth FFr2m were signed). He confirmed France as a long-term partner for Mauritania, stating that, as the recipient of HIPC debt reduction, the country would shortly benefit from considerable new financial resources.
- Aid grants from Spain and Germany Mauritania and Spain signed an agreement in April for aid of Pta100m (US\$570,000) to support fish resources and allied projects in Mauritania. A statement issued during the Africa-Europe summit in Cairo said the aid would be directed primarily at people living in the southern parts of Mauritania most affected by the recent floods.
- Various programmes to boost domestic fishing and alleviate poverty will benefit from a grant of DM29m (US\$14m) approved by the German government in April. The aid will also be used for the “development of democracy” and for strengthening the rule of law.